the taxpayer

SPRING 2012

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Gilles Duceppe: Wikipedia/Louperivois | Snow plow: Mikhail Ozerski

From the President

A Final Nail in the "Hidden Agenda" Coffin

Troy Lanigan
tlanigan@taxpayer.com

Okay admit it. You were hoping for a "hidden agenda."

You know, the one opposition politicians have been telling us was coming if the Harper government ever got a majority: the one that would result in so-called "draconian" spending cuts.

Heck, even Tory MPs have been telling small government advocates for years that all their big spending ways would be reversed once they got their coveted majority.

So what happened?

As our feature on page 12 details, this year's federal budget will increase spending this year, next year and the year after that. The budget also confirmed the key Tory plank in the election campaign to balance the budget in 2014-15 has been pushed back at least one year.

To be sure, the public payroll will be trimmed and taxes were not raised (a small blessing!) but overall, this "majority" budget proved less climactic than the last time I folded laundry.

> "This 'majority' budget proved less climactic than the last time I folded laundry."

Well, at least two things can be put to rest: This government is not fractionally as courageous as the Liberals were in the mid-90s in balancing the budget through spending cuts and second, we can once and for all hammer a nail in the "hidden agenda" coffin.

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What happened to widely expected MP Pension reform in the budget?

According to the finance minister there needs to be more "consultation and discussion."

Really?

The government managed to raise the age for OAS eligibility, is preparing to ask public servants to pay more into their pension plans and even change their retirement age, but when it came to adjusting their retirement, they weren't quite ready to "move forward."

It's pretty simple: MPs should match taxpayer contributions $1 for $1. Full stop. Currently, taxpayers cough up $23 for every $1 contributed by an MP. It's shameful and must change.

Be absolutely assured, the CTF will not allow "delay" to be a tool for "avoid" … stay tuned!

❖ ❖ ❖

Anyone underestimating the relevance of politicians' pay and benefits need look no further than the prime minister's home province (hint, hint). I encourage all of you to read the three-page feature starting on page 35 that details what happens when politicians get too cozy, too arrogant and too out-of-touch. More important, the feature details the important advocacy work that your financial support makes possible. Thanks to you, this watchdog once again proves it has more bite than bark! ❖

Spring 2012

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MP pension report

As an employee of a small business, it is my own responsibility to look after my retirement. No one is doing it for me. No one is contributing for me. I am working full time, paying a mortgage, raising a family, paying daycare, trying to put money into RRSPs & RESPs and balance life.

Working for a small business, there is competition — we eat what we kill. We work hard for profit — we do not expect it. What has happened to people being responsible for their own future?

The [CTF's MP pension report] shows us taxpayers are responsible for the retirement of our MPs. Shame on them. I voted for Mr. Harper last year – namely because I don't like the "socialistic" attitude of the NDP. But when you see reports like this, you wonder if all parties are the same.

Chelsea Stebner
Saskatoon, SK

Thank-you to the Canadian Taxpayers Federation for keeping myself and others abreast of the underhanded MP pension plan. The politicians need to come to their senses. Look around. An entirely new generation of 20 somethings are already waving in protest and now will be forced to pay for all the 55-65 year olds out there. We cannot disillusion this new generation. Our representatives need to lead by example.

Dr. Cameron S. Morhaliek, M.D., F.R.C.P. (C) and Family
Edmonton, Alberta

Why do the MPs get to vote on their own compensation, isn't this just a tiny conflict of interest?

The only person who should vote on pension compensation is someone's boss and the last time I checked, an MP's boss is me, the voter and taxpayer.

Something better change here or you're going to see the usual placid acceptance of the Canadian taxpayer rise up in our own Canadian Spring.

Christina Boase
Vancouver, BC

Letters-to-the-editor

Letters may be edited for length, content and clarity.
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Some Members of Parliament like to tell us they deserve such ridiculous pensions because it compensates for their sacrificing high paying private jobs in the private sector. I say, name *one* private business that would not fire an employee who constantly runs a deficit in their department and demonstrates such an arrogant entitlement attitude towards their bosses?

Chris McCoy
Edmonton, Alberta

Offending … ducks?

I saw [BC director] Jordan Bateman speaking on television recently and while I appreciate he was trying to make a point, I did not appreciate the analogy of a duck used to describe tax increases. I believe his words were: "It's like a duck nibbling you to death." How disrespect-

ful to ducks for him to say that. That was not ok. Please leave ducks or any other creature out of your remarks when making an analogy to taxes.

Irene Solstad
Richmond, BC

Thank-you CTF!

The CTF is a fantastic group that has proven they are non-partisan and Canada's leader on blowing the whistle on government waste making sure all political parties and their leaders are held accountable with how our tax dollars are being spent.

Will Jensen,
Thunder Bay, Ontario

I first learned of the CTF when my father started leaving your magazine on my dresser while I was away at university. My wife and I have since purchased his business, and I cannot say how much I appreciate what you are doing. I am happy to support you with a donation. Keep up the good work!

Pierce Cairns
Grandview, Manitoba

Thank-you for all you do. I would however like to mention that it would be far better in the long run to raise some taxes a little say GST to 7% temporarily to balance the budget and then pay down debt. Please keep this in mind and thanks for holding the government to account.

Marc Henderson
Lethbridge, Alberta

Not happy with the Teddies

I am proud to give you [CTF] the trophy of the golden assholes of the year for your comments on Gilles Duceppe.

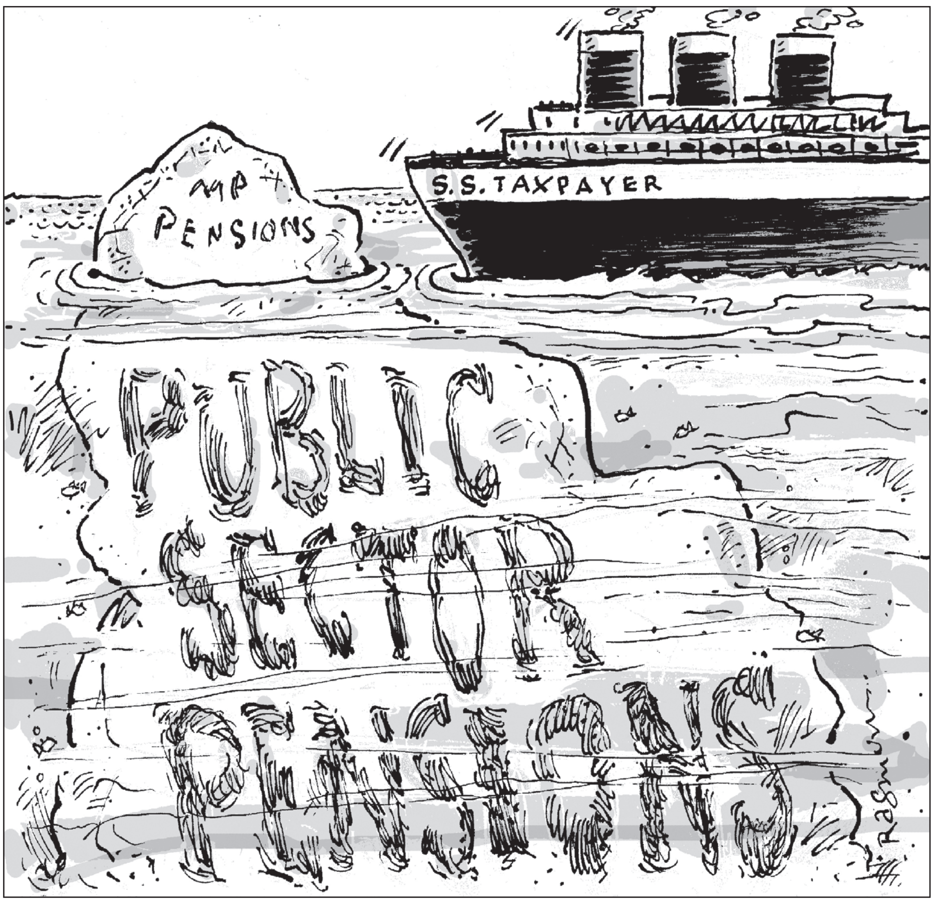
With your stupid comments, you deny the right for Quebecers to elect to Ottawa who they want. It's another good example of "Canadian tolerance" and the "great work" of the Canadian Taxpayers Federation.

By the way, you should know that all separatists in Quebec (a majority of francophones) love you too ... and we will love you much more the day we'll have our own country.

And in French, just for you: Va chier, conard.

Benoît Cayouette
Chandler, Gaspésie

ED: Yikes ... my French isn't good but I don't think we'll be able to count on Benoit for a donation this year. See what's got Benoit all worked up on page 20.



MLA pensions a human right?

Two former New Brunswick MLAs – former Progressive Conservative Finance Minister Jeannot Volpe and former Liberal Supply Services Minister Roly MacIntyre – have filed a complaint with the human rights commission in their province because of a rollback of their pensions.

Volpe retired in 2010 and according to CTF calculations was eligible for a fully-indexed annual pension in the neighborhood of $63,000.

He retired two years after a controversial change by the New Brunswick legislature significantly increased MLA pension benefits.

In 2008, MLAs voted to end two supplementary allowances and incorporate the money into their base salary which increased from $45,347 to $85,000 as a result. As an allowance, the money was not used to calculate pension income, but once included as salary, pensionable income increased significantly.

However, because of the huge financial burden this change put on New Brunswick finances, a decision was made last year to retroactively change pension calculations so the 2008 modifications would no longer be included in pension calculations.

For some, this was a violation of "human rights."

With files from the *Vancouver Sun*

Leading a second life at taxpayers' expense

Last December, it was discovered two employees with the Department of Indian Affairs and Northern Development (DIAND) in Yellowknife had been fired in 2010 for the fraudulent use of government credit cards.

The misspending was discovered by random audits.

Over a two-year period, one employee – reportedly a manager – racked up approximately $37,000 in expenses. This included $4,000 spent on an online 3D gaming community called Secondlife and $2,000 for a vacation to Las Vegas. She also charged her personal phone and cable bills to the government. According to reports, only $27 – spent on a manual for Power Point – was considered a legitimate government expense.

The second official went on a ten-month spending spree charging up approximately $8,000 in fraudulent expenses.

Though both employees were fired, a year later, the government has still not recovered any of the stolen money.

With files from *CBC* | *Global News*

F-35 PROTOTYPE: WIKIPEDIA

Taxpayers being taken for a ride on F-35s.

Pensionzilla attacking taxpayers

Move over Godzilla, "Pensionzilla" is starting to wreak havoc on taxpayers across the country.

In Montreal, the *Gazette* has noted a "pension monster" is eating up 13% of every tax dollar spent by the municipality. The figure was so shocking, the CTF had to triple check it to believe it. But there on page

six of the city's 2012 budget was the unfortunate news; $609 million of the $4.7 billion budget will go towards employee pension costs.

According to Bill Tufts, author of *Pension Ponzi*, police officers in Montreal can retire as early as 53 years of age with an annual pension of $59,000 — wouldn't that be nice! Not surprisingly, the unsustainable plan now has the city considering an appeal to the province to scale back the gold plated plans through legislation.

Over on the east coast, the City of St. John is having to do something politically unthinkable — fire police officers and firefighters. The city was left with no other choice after its pension deficit hit a whopping $190 million. Twenty police, 16 firefighters and 14 other staff have been approved for the chopping block.

With files from the *Montreal Gazette*, *CBC*, Bill Tufts and the CTF

Gross Mismanagement

Public Sector Integrity Commissioner Mario Dion used the words "gross mismanagement" to describe the fraudulent use of tax dollars by a former bureaucrat who served as a regional manager for Human Resources and Skill Development for Western Canada and the Territories. He may wish to look in the mirror.

According to a report tabled In Parliament, the commissioner's office discovered all sorts of creative ways this human resources manager put tax dollars to use including:

- Two big screen TVs and massage chairs for her home;
- Government supplies and equipment for a local fitness franchise she was part owner of;
- Approved non-work related purchase of water bottles reportedly costing $80 each;
- Approved purchase of magnets to be used in magnetic therapy to "balance the employee's magnetic fields;"
- Unlimited use of the department's vehicle;
- Falsified vehicle and travel expense claims; and
- Gave a close relative a job and allowed the individual to collect extensive overtime.

Bravo to Mr. Dion? Not quite.

Incredibly, despite Mr. Dion's office being in existence five years this is only the first instance of abuse of taxpayers' money his office has identified. Moreover, he didn't have the gumption to name the fraudster and has no ability to get the money back.

What exactly is the point here?

His office is supposed to blow the whistle on wrongdoing in the public sector. But at over $1-million a year to run this office with only one unnamed fraudster unearthed in half-a- decade — who can't be named, shamed or sued — ending abuse of tax dollars might start by the commissioner's office itself being shut down.

With files from the *National Post*

How "sickening" is this?

Under their collective agreement, Ontario teachers are able to receive a payout of unused

A serial seed distributor brought to justice!

sick time when they retire (maximum 200 days). The sick time payout is also calculated based on their current salary not on the salary paid when it was first accumulated.

As a result of this perk, teachers can receive up to a $47,000 bonus in addition to their pensions.

Not all of the 69 school boards in the province have this provision. Five school boards don't allow banking unused sick pay and 35 have a hybrid version.

The Ontario government wants to remove this provision from contracts, but even if it removes it for future teachers, the government is still on the hook for an estimated $1.7 billion in sick time already accumulated.

With files from the *Toronto Sun*

What was the real crime?

When he left his house in March 2011, retired stockbroker Lawrence Klepper had no idea he was being tailed. City officials for Westmount located on Montreal Island were determined to stop this hardened criminal and had authorized the use of city resources to bring Kleeper's crime spree to an end.

In the court case that followed, public safety officer Armand Morin said he was assigned the job of following Klepper that morning. He watched Klepper pull into a parking lot and then pull a black bag from the back seat of his car.

Klepper then walked over to a bush and threw some seeds on the ground. But Klepper's crime spree didn't stop there. He went to a second location and Morin noted in his report that Klepper "threw almonds only."

Morin then issued two tickets to Klepper for breaking Westmount's bylaw that forbids the feeding of wildlife.

The city is hoping to get an injunction against Klepper ordering him to quit giving seeds to the birds.

But many wonder why the city would order surveillance on such a minor and silly bylaw. Some suggest it is because Klepper has become notorious in his opposition to the city's plan to construct a new sports complex with two underground skating rinks.

However, in the city's defense, it is notorious for its bylaw enforcement. In 2006, Bruce Kert was fined for throwing a single peanut to a squirrel. The fine climbed to over $450, but was eventually settled at $50.

With files from the *National Post*

More green handouts

The Canadian Environmental Assessment Agency (CEAA) is overseeing the environmental review process of the proposed Northern Gateway pipeline that will move Alberta heavy oil to tanker ports in B.C.

However, it has recently been discovered CEAA is providing $2.8 million in grants to those opposing the route. In total, nearly 50 groups will receive funding under this program. The grant money is provided for travel, research and salaries related to the review. Aboriginal groups can also spend money on honorarium for chief and elders as well as ceremonial offerings.

The grant money is specifically set aside for Aboriginal groups who live near the proposed pipeline or may have an interest in it. Aborig-

MLAs claim their pensions are a human right

inal groups received nearly $2.4 million.

Reports suggest the Aboriginal groups had asked for $17 million.

As well, $435,000 was provided to non-aboriginal groups who either have expertise or live near the pipeline.

This included the Living Oceans Society which received $91,000, Raincoast Conservation Foundation which received $83,790, the United Fisherman and Allied Workers Union $64,655 and Forest Ethics $59,605.

Many of these groups are also receiving funding from American interests opposed to the Northern pipeline.

With files from the *Toronto Sun* | *Calgary Herald/Sun News Network*

This agency does what?

An agency set up by the federal government in 2009 has cost taxpayers $1.1 million with nothing to show for it.

The Office of the Extractive Sector Corporate Social Responsibility Counsellor was set up to mediate any problems Canadian mining companies had in foreign countries specifically in the area of environmental damage and human rights violations.

Since its inception, the agency has received two complaints – one that amounted to nothing and a second that seems to be going nowhere. The first case involved a Mexican mining union. After spending nearly $22,000 on travel and related expenses, the Canadian corporation said the mediation process was going nowhere and pulled out.

According to its critics the agency has done nothing more than scour the planet looking for complaints. Marketa Evans, the senior official with the agency (who earns $170,000 per year), made 47 trips over the past two years to Africa, South America, Washington and cities across Canada.

While Evans says she isn't trying to drum up business she does admit to trying to raise the profile of the agency. Evan says agency personnel only fly economy.

Importantly, the agency has no authority to investigate anything as participation in mediation of complaints is entirely voluntary.

In preparation for setting up the agency the federal government spent $190,000 to renovate an office for the agency's three staff.

Mining industry officials question if the agency is necessary.

With files from the *CBC*

Auditor General rakes Harper government over F-35 program

In a scathing report released in early April, Canada's Auditor General Michael Ferguson said the Department of National Defence (DND) provided Parliament with a cost estimate of $14.7 billion (over 20 years) for the controversial F-35 fighter jet program, even though DND's own estimates showed total costs of at least $25.1 billion.

To make matters worse, DND provided the false information to Parliamentarians prior to the May 2011 federal election, in order to discredit a report from the independent Parliamentary Budget Officer that pegged

This taxpayer-funded provision will make you sick.

the true cost of the F-35 program at $29.3 billion.

Ferguson also found that DND lied to Parliament when it claimed that the cost information it provided had been backed up by experts from the U.S. and other NATO allies.

The auditor, who was recently appointed by the Harper government, followed up on his report, confirming to reporters the day after its release that senior ministers knew the truth and failed to tell Parliament.

The report from the auditor general was vindication for Parliamentary Budget Officer Kevin Page and his staff, whose cost estimates have now been proven to be the most accurate provided to Parliament and the public.

In a statement, the CTF applauded the work of Kevin Page and his staff in putting the real costs of the F-35 in front of Parliament and Canadians.

In response to opposition questions, the prime minister stressed that no contracts have been signed to purchase the F-35's, spending authorization for the jets has been capped at $9 billion, and management of the program has been shifted from DND to a committee of deputy ministers from other federal departments.

With files from the *Auditor General of Canada* and the *CTF*

Robotic seals cause furor

The Quebec government is under fire after two senior care homes purchased two Japanese-manufactured, robotic baby seals at a cost of $6,000 each.

They are cute, fuzzy and even squirm and make baby seal noises when touched. The care centers purchased the seals because they seem to comfort seniors living in the two homes.

However when Yves Bolduc — Quebec Minister for Public Health — popped into one of the care homes for a photo shoot with the robots, a Quebec-based seal hunt organization angrily reacted stating the image of small cuddly seals is one of the biggest problems hindering the annual seal hunt. Quebec hunters have not been able to cull baby seals since 1987, due in large part to this perception.

With files from *QMI Agency*

Good News Update!

Reserve Transparency Results in Changes

In the last issue of *The Taxpayer*, we told you about Janette Peterson, the new chief of the Annapolis First Nation in Nova Scotia.

You may recall, Ms. Peterson decided to run for chief after the CTF helped expose how the previous chief of the tiny community of 100 people was making $162,000 per year tax free. For those off reserve and paying income taxes, that worked out to about $280,000 per year.

In the article, we noted how Ms. Peterson ran on a commitment of openness and transparency; including a promise to let band members decide her pay.

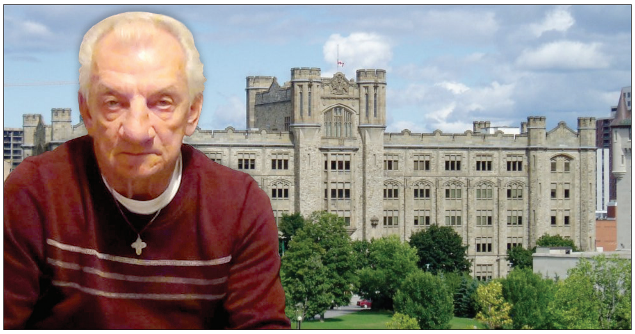
Well, we're pleased to report that Ms. Peterson kept her word; media reports indicate she left the room recently while a public meeting decided the pay level for her position. She'll make $60,000 per year or approximately $102,000 *less* than her predecessor.

Some will still question whether $60,000 is too high, but most would agree things have definitely moved in the right direction. Thumbs up to Chief Peterson for keeping your word!

Chief Janette Peterson courtesy Kings County Advertiser

Taxpayer Update

CRA vs LEROUX



We last updated you on Irvin Leroux's ongoing battle with Canada Revenue Agency in the Fall 2011 issue of *The Taxpayer*. Since that issue there's been another court development.

Recall Mr. Leroux owned a successful RV park and campground near Prince George in British Columbia. During a 1996 CRA audit, agency officials illegally removed financial records from his home. These records were later inadvertently shredded. Nevertheless, CRA assessed Mr. Leroux as owing approximately $1 million in GST, income tax, penalties, and interest. The CRA explained to Mr. Leroux that the onus was on him to rebut the assessment — even though the documents needed to do so were the ones that had been illegally confiscated and destroyed by agency officials.

Mr. Leroux sued, and in 2005, was successful in tax court. The CRA admitted its mistake and agreed that the audit and subsequent assessment was incorrect. In fact, instead of owing money to the CRA, Mr. Leroux had overpaid and was entitled to a refund.

This legal victory was bittersweet. Mr. Leroux was vindicated, but the long and protracted 13-year legal battle cost him his business as lenders foreclosed on his mortgages.

Frustrated and financially ruined, in 2006, Mr. Leroux sued the CRA for the illegal acts that led to the destruction of his business. He argued negligence and misfeasance, and that his Charter rights had been violated.

The Canadian Constitution Foundation took Mr. Leroux on as a client in 2009 — the CCF is a registered charity dedicated to protecting the constitutional freedoms of Canadians through education, communication and litigation.

Even though it is a wanton misuse of taxpayer money, the CRA asked the B.C. Supreme Court to quash Mr. Leroux's court action. In a 2009 decision on this matter, Justice Preston held that Mr. Leroux had sufficient evidence to sue the CRA for the agency's illegal and destructive acts, but that Mr. Leroux could not advance Charter arguments.

Again, disregarding the cost, CRA appealed Justice Preston's decision appearing determined that Mr. Leroux not have his day in court.

On Feb. 8, 2012, the B.C. Court of Appeal upheld Justice Preston's decision. As a result, the court has decided that Mr. Leroux has sufficient evidence to sue the CRA for the agency's illegal and destructive acts that eventually cost him his business, while his constitutional arguments remain struck-out.

The Canadian Taxpayers Federation continues its pitched battle with bureaucrats giving us the run around in our efforts to find out how much of our tax dollars are being used to support the CRA's fatwa-like campaign against Mr. Leroux. The Canadian Constitution Foundation meanwhile, is continuing its commendable legal defence. Donations are urgently needed and can be made through their website at www.theccf.ca.

We'll keep you updated! ❖

> "the court has decided that Mr. Leroux has sufficient evidence to sue the CRA for the agency's illegal and destructive acts that eventually cost him his business"

Prime Minister's Battle Cry: "Gradually but Inexorably"

Majority budget forecasts higher spending and deficits until 2015

CP IMAGES

Gregory Thomas
Federal Director

When federal Finance Minister Jim Flaherty stood up in the House of Commons to deliver his seventh budget at the end of March, everybody was bracing for something big.

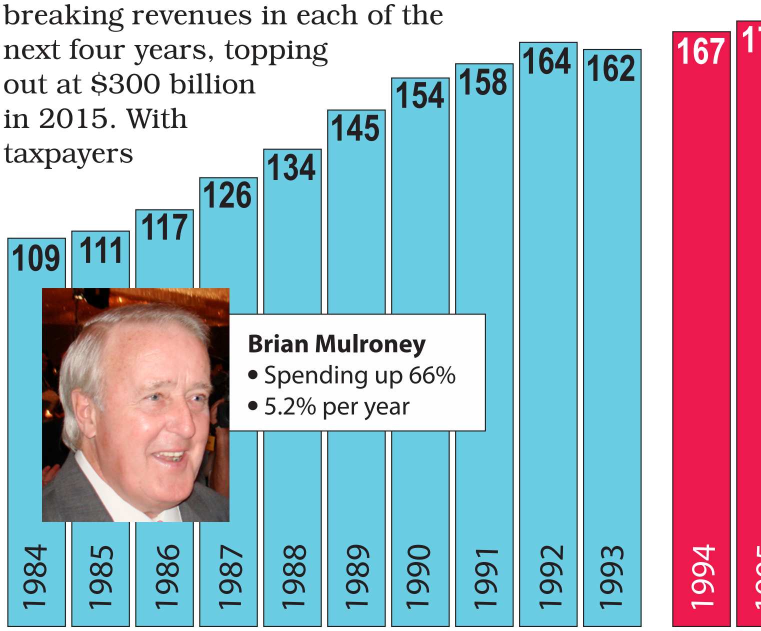
After last May's hard-fought election battle finally put an end to seven years of free-spending minority parliaments, Harper's friends and foes alike were prepared for a tough budget – maybe even the toughest budget since Jean Chretien and Paul Martin tackled Canada's runaway deficit in 1995.

But even with polls showing 61% support for cuts, even with the hard-won "strong, stable, national Conservative majority government" arrayed on the government benches all around him to back him up, even after sending tough signals for months, Flaherty couldn't bring himself to tighten the spending tap tight enough to balance the budget this year, next year, or even the year after that.

Spending up

In fact, Flaherty's program spending forecast shows spending going up \$3.4 billion this year, \$4.1 billion next year, \$4.5 billion in 2014, and \$7.8 billion in 2015, the year the government is finally supposed to balance its books. By then, total spending will reach \$296.6 billion, a whopping 42% increase in the size of the federal government since the Conservatives took office in 2006.

Riding to the government's rescue, as always, is the taxpayer: providing record-breaking revenues in each of the next four years, topping out at \$300 billion in 2015. With taxpayers



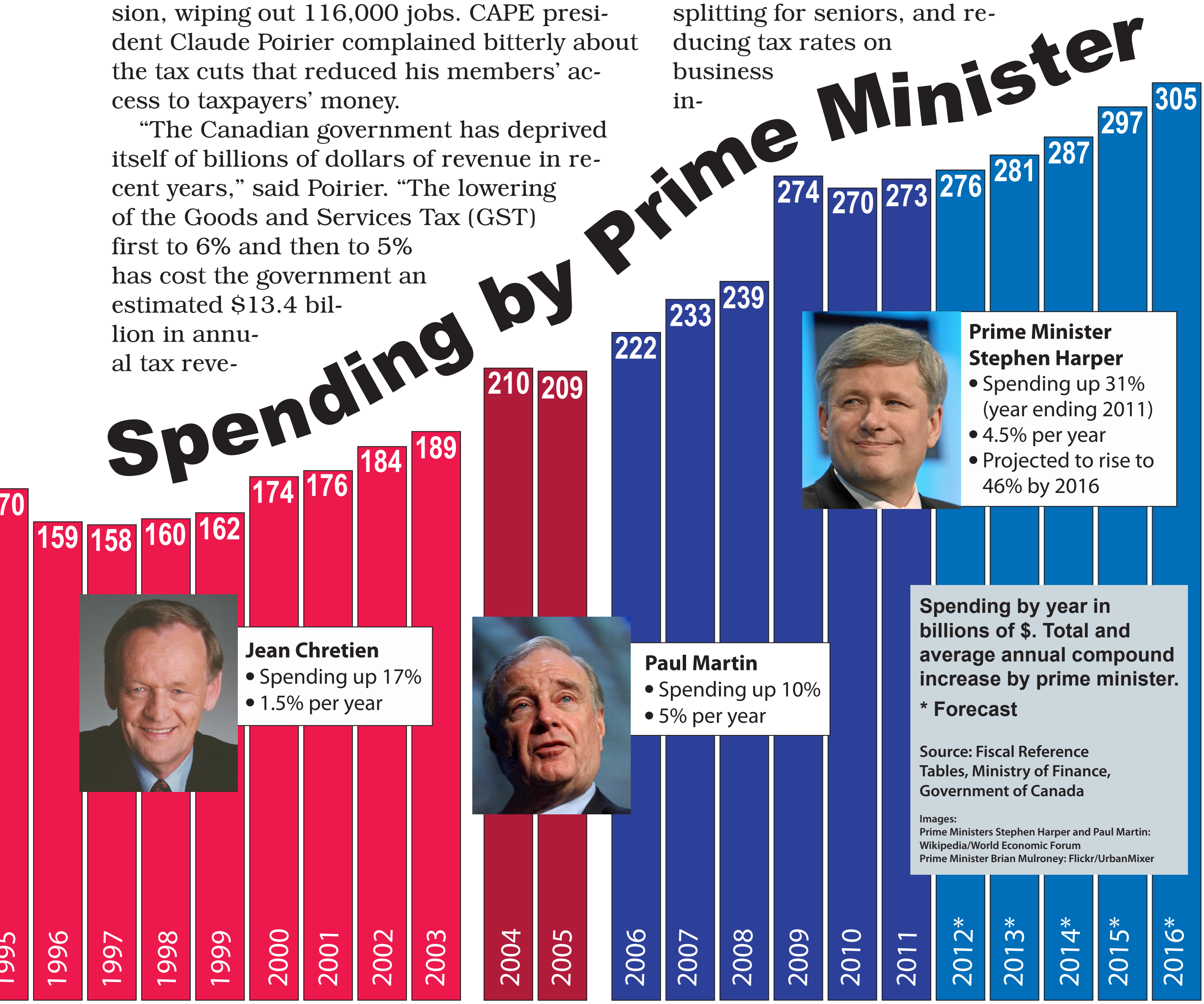
ponying up $78 billion more than they did in 2006, the government expects to run its first surplus in seven years, taking in $3.4 billion more than it spends.

So what does a taxpayer make of the hue and cry on Parliament Hill, with government employees and their supporters in the opposition protesting cutbacks and predicting dire consequences? Should we take their dire predictions seriously?

Leading up to the budget, the Canadian Association of Professional Employees (CAPE) predicted that spending cuts of $8 billion could pull the nation's economy into a recession, wiping out 116,000 jobs. CAPE president Claude Poirier complained bitterly about the tax cuts that reduced his members' access to taxpayers' money.

"The Canadian government has deprived itself of billions of dollars of revenue in recent years," said Poirier. "The lowering of the Goods and Services Tax (GST) first to 6% and then to 5% has cost the government an estimated $13.4 billion in annual tax revenue. Moreover, the Canadian corporate tax rate was reduced by another percentage point this past Jan. 1 – a further $1.5 billion in lost revenue."

Faced with doomsday predictions from union leaders, Flaherty failed to cut payroll costs on anything approaching the expected scale: reductions of $1.4 billion this year, $3.9 billion next year, and $5.3 billion in 2014. But thankfully, the finance minister held the line on taxes, ignoring advice from union leaders to recover that "lost revenue" from lowering the GST, introducing the Tax Free Savings Account, implementing income splitting for seniors, and reducing tax rates on business in-



come.

A cautious approach

Those who were paying attention last June might have predicted a cautious approach to the budget from the prime minister's victory speech at the Conservative party convention in Ottawa. Stephen Harper promised the Tory delegates no big cuts to the big government he inherited from the Liberals, promising instead to balance the books "by eliminating fat, and by moving gradually but inexorably to eliminate the deficit."

"I'm extraordinarily patient, provided I get my own way in the end," Margaret Thatcher once confided, providing solace to Canadian taxpayers who listened to Harper's speech in June of 2011.

Budget 2012 bears the imprint of a prime minister who uses an expression like "gradually but inexorably" as an applause line in a convention speech to the party faithful.

More of the same

Harper and Flaherty's most bitter critics amongst the supporters of smaller government were scornful of the budget. In the *National Post*, Andrew Coyne wrote "this is as good as it gets. This was the legacy budget, the vision state-

What Happened to PENSION REI

After months of getting a beat-down from Canadian Taxpayers Federation supporters from coast to coast, MPs were expected to finally surrender, giving up their platinum plated pension plan that allows them to retire at 55 after only six years on the job – or at least fixing the funding formula that makes taxpayers contribute $23.30 for every dollar the politicians put into their own retirement savings fund.

MP pension reform was widely expected to be the showpiece of a broader package of pension reform legislation aimed at reining in the government's burgeoning liability for the retirement income of federal employees. Depending on who you believe, taxpayers owe their unionized federal workers somewhere between $147 billion in retirement benefits – the government's estimate – or $227 billion – the figure supplied by the C.D. Howe Institute, a non-partisan think tank.

A blizzard of petitions, letters, email messages and phone calls has rained down on MPs since the CTF issued its report in February, documenting the pension entitlement of every sitting MP from every party.

Reforms to MP pensions were supposed to be in Finance Minister Jim Flaherty's March budget: after all, how could the government go ahead with its plan to raise the age for Old Age Security eligibility from 65 to 67, when its own MPs can cash in at age 55?

But when budget day arrived, the government was long on promises, but short on specifics. Ordinary government em-

FORM?

ployees who are hired starting in 2013 will see their normal age of retirement raised from 60 to 65. Gradually over time, employee pension contributions will go up, to the point where they match taxpayers' contributions on a dollar-for-dollar basis.

The budget document says MPs and senators will experience "comparable" changes to those being made for ordinary government workers, with "adjustments" to take effect "in the next Parliament."

The day after the budget was released, news reports quoted government sources as promising legislation, to be tabled in the fall session of Parliament, that would reform MP pensions. Big changes are said to be coming: possibly raising the retirement age, possibly cutting the size of the pension payouts that currently provide defeated politicians such as former Bloc Quebecois leader Gilles Duceppe and his surviving spouse with indexed annual income for life, starting at $141,000.

The MP pension reform legislation would also raise contribution levels beginning next year, so that by 2016, MPs would be matching taxpayer contributions dollar for dollar out of their own pockets.

Oddly enough, the MP pension reforms, promised as part of the March budget, disappeared into thin air when the budget was tabled. Heading into the fall session of Parliament, taxpayers need to turn up the heat on politicians. When it comes to MP pensions, we want real reform, not another "now you see it, now you don't" magic act.❖

ment, the one where the Conservatives, with the assurance of four years in power, finally stopped pretending to be what they were not, and showed us what they were."

And they showed us, in Coyne's estimation, that they're traditional pork-barreling Ottawa politicians, tabling "a budget that commits the government to do everything it had ever done, only at fractionally less cost. And I do mean fractionally."

"The regional development slush funds will carry on more or less as before, the Crown corporations – Via Rail, the CBC, all the gang – will eat up nearly as much public subsidy as ever," Coyne noted.

Indeed, the government's pork-barreling corporate welfare agencies, such as the Atlantic Canada Opportunities Agency and the Western Economic Diversification office, the perennially money-losing Via Rail and the CBC are all in business, with cuts in their budgets many like Coyne would consider modest.

And to be sure, the budget contains new spending traditionally associated with liberal politics: $330 million over two years for water and sewer improvements on aboriginal reserves, $175 million over three years to build and renovate schools there, and $100 million over three

"Budget 2012 bears the imprint of a prime minister who uses an expression like 'gradually but inexorably' as an applause line in a convention speech to the party faithful."

Prime Minister Stephen Harper: Wikipedia/World Economic Forum - Remy Steinegger

years to pay for more teachers.

There is also a promise to crack down on Employment Insurance cheats – the notorious pogey bandits – while allowing people on EI to keep more of their part time earnings – encouraging workers in some of the most precarious part-time jobs to keep at it, to hang in there, and not to drop out of the workforce for fear of having the EI cheque cut off. Young workers being coaxed "gradually but inexorably" to stay on the job.

Missed Opportunity

And the government's enormously generous pension and benefits packages for employees are being nibbled away at, slowly and inexorably, as the next round of contract negotiations kicks into gear later this year. The spending cuts announced in the budget don't fully take effect until 2014, because a government employee whose position is cut today can qualify for up to 16 months of paid notice and severance pay, possible early retirement eligibility, travel expenses for job hunting, extended benefits and pension contributions.

In the days after the budget, the first layoff notices were issued: 1,119 civilian employees at National Defence, 650 at the CBC, 61 at the National Film Board, generating tremendous media fanfare. Over the next three years, the government hopes to eliminate 19,200 positions, less than half the number eliminated in the Chretien-Martin cost cutting of the 1990's.

19,200 lost jobs is also less than one-twentieth of the massive job losses experienced in the private sector during the financial meltdown of 2008 and 2009, when 417,000 Canadians were thrown out of work, often with no severance, no early retirement, and no extended benefits. Just a week before the budget and the beginning of the media circus surrounding government job losses, 2,600 highly skilled aircraft mechanics were out on the street with nothing after their employer, Air Canada contractor Aveos Fleet Performance, declared bankruptcy – another stark example of what it's like to lose your job in the real world.

Aveos failed to balance its budget in a timely way. Here's hoping Mr. Harper and Mr. Flaherty learn from that example, and keep on nudging spending downward, even if they insist on doing it gradually but inexorably.❖

Equalization makes 'have-nots' MORE DEPENDENT not less

The 55-year-old redistribution scheme may be constitutionally entrenched; but governments are not without options heading toward new agreement in 2014

Special to *The Taxpayer*
by Lorne Gunter

Here's the one thing taxpayers need to keep in mind as Ottawa and the provinces negotiate a new transfer and equalization agreement to replace the current 10-year pact that will expire in 2014: Since the program began in 1957, every province but one has grown so much stronger economically that now only Prince Edward Island would still qualify for equalization under the original formula for calculating which are the "have" provinces and which the "have-nots." But because federal governments of all stripes have sought to win the favour of voters in the smaller provinces and Quebec, the definition of which provinces qualify for a share of the $16 billion Ottawa annually doles out has been expanded and expanded and expanded again so often that six of 10 provinces – PEI, Nova Scotia, New Brunswick, Quebec, Ontario and Manitoba – qualify.

If the purpose of equalization – like all welfare whether individual, corporate or government-to-government – is to help poorer recipients until they can make themselves fiscally independent, then the program has been a colossal flop. In the past 55 years, more than $300 billion has been paid out in equalization.

Yet despite all that time and all that

money, there has been a net gain of just two "have" provinces. Whereas in 1957 there were two – Ontario and B.C. – today there are just four – B.C., Alberta, Saskatchewan and Newfoundland and Labrador.

Ontario's presence on the have-not rolls is further proof the scheme is irreparably flawed. Ontario's provincial GDP is 97% of the national average. While that marks a significant decline for Canada's heartland province – it has fallen from 115% in the past decade – it makes a farce of the equalization process. There is no reason Canadian taxpayers should be propping up any government whose economy is as large as Ontario's. Indeed, a generation ago, any province as wealthy as Ontario would have been ashamed to take equalization. But we now live in the age of entitlement. Everyone believes he or she has a right to government handouts, including seemingly wealthy provinces.

Quebec's "fair" share and deepening "have-not" status

Here is another important fact about equalization: Quebec receives nearly 50% of the total. Quebec shouldn't be on the have-not list either. Admittedly, its affairs have been so badly mismanaged that since 2000 its provincial GDP has begun to decline against the national average (slipping from 90% to about 87%). Still, its economic output remains more than 10 percentage points above where it was when Quebec first qualified for equalization in the late '50s. Nevertheless, last year Quebec collected $7.6 billion from the $15.8 billion Ottawa paid out. That amounts to nearly 11% of the provincial government's total expenditures and is roughly equal to the amount Quebec spent on the construction of roads, schools, bridges, airports and other infrastructure in 2011.

What all of this cash has done is make the recipient provinces more dependent on Ottawa, not less.

The first equalization payments were created to convince Quebec not to set up its own income tax and pension plans (look how well that worked) and to bribe the province into being happy about being part of Canada.

The payouts, however, largely put an end to Quebec's march toward economic equality with Ontario. Throughout the immediate post-war period, Quebec's provincial GDP and Quebecers' per capita income had grown as rapidly as almost any other province's. There were also plans by the provincial government to push development of Quebec's vast timber, ore and hydro resources. That came to an end when provincial politicians realized they could count on Ottawa to fund a significant portion of Quebec's social spending.

It's a problem that continues to this day. Quebec sits atop vast shale-gas deposits but it can afford the luxury of not tapping them in the name of environmental concern because it knows Canadian taxpayers are good for $8 billion or more annually above and beyond the billions Ottawa sends Quebec (and every other province) in transfers for health, education and welfare.

"Here is another important fact about equalization: Quebec receives nearly 50% of the total. Quebec shouldn't be on the have-not list either."

When then-Prime Minister Pierre Trudeau greatly expanded equalization in the 1970s, he similarly stunted the climb of the Atlantic provinces towards economic parity with the "have" provinces. He did the same for Saskatchewan and Manitoba,

“When then-Prime Minister Pierre Trudeau greatly expanded equalization in the 1970s, he similarly stunted the climb of the Atlantic provinces towards economic parity with the ‘have’ provinces.”

although perhaps to a lesser degree. At the same time as equalization rose to 15% or more of have-not provinces’ budgets, these provinces rapidly increased taxation and regulation, expanded their public sectors and either underpriced the resources they produced or left those resources undeveloped altogether. They didn’t need to exploit their resources (or lower their taxes, keep public-sector wages in check or liberalize their labour codes) so long as Ottawa could be relied upon to take billions away from taxpayers and give it to them.

Equalization distorts the fiscal and economic decisions made by poorer provinces and, if anything, deepens and prolongs their have-not status.

Equalization’s costly tab and challenging the status quo

Not surprisingly, a recent study by the Mowat Centre for Policy Innovation at the University of Toronto found equalization payments were also overly generous. While the calculations that determine how much each have-not government should receive take into account each province’s ability to raise revenues, they never consider the cost of providing services in the recipient provinces.

The stated objective of equalization is to enable have-not provinces to provide the same level of public services as the “have” provinces at roughly comparable levels of taxation. But most of the have-nots have substantially lower costs of living than the “haves,” so providing services there costs less. Ottawa overlooks this second half of the equation.

This makes the system even more distorted. For instance, while Quebec receives $8 billion a year based on its relatively weak tax base, if the lower cost of providing services there were figured in, it should receive $3 billion less than it does. The Atlantic provinces, for instance, have 50% more nurses than Ontario on a per-capita basis because the relative costs of hiring a nurse (or teacher or bureaucrat) in each jurisdiction is ignored. Instead of costing Canadians $16 billion a year, equalization should cost $10 billion or less (although I would love to scrap it altogether).

The bad news on equalization is that it is entrenched in the Constitution. Barring an amendment, we have to have an equalization system. But the good news is the amounts and formulas are not set in stone. Equalization doesn’t have to be over-rich and apply to far too many provinces. Nothing but political cowardice stands in the way of a proper overhaul of this outdated, distorting program before the 2014 deadline to put a new agreement in place.❖

Lorne Gunter is a columnist with the *Sun News*. He can be reached at lgunter@shaw.ca

BLOCKBUSTER

Year in Government Waste

By Derek Fildebrandt & Troy Lanigan

This March, CTF federal director Gregory Thomas hosted the 14th annual Teddy Waste Awards, also known as "The Teddies." Named after disgraced former bureaucrat Ted Wetherill, this spoof on the Oscars is one way the CTF sheds much needed – and often time humorous – light on government waste.

And, as this year's highlight reel will show, the heat of the Teddies' spotlight produced real results in getting waste stopped.

Every year the Academy of Taxers and Spenders wades through hundreds of nominations – many of them from CTF supporters. Thank-you!

The best Teddies – like movies – make us laugh *and* cry. Misuse of taxpayers' money always deserves to be acknowledged, but when that misuse crosses the line into the laughable, it moves from the realm of auditor general reports to the Teddy's red carpet.

So pop the corn and dim the lights: the following highlights this year's nominees and winners (a full listing can be found at Taxpayer.com).

FEDERAL

Up in Smoke (Federal Winner)

Agriculture Canada: Tobacco Transition Program
Nominated for: Worst performance by a federal department in a supporting role
Production cost: $284 million

This tale of waste and hilarity takes place in a country setting. Attempting to get tobacco farmers out of the business, Agriculture Canada offers large government cheques to those willing to shut down their farm and walk away. Unfortunately, the auditor general (AG) reveals that Agriculture Canada's $284 million giveaway not only failed in its goal of reducing the number of active tobacco farmers in Canada, but in fact *doubled* their numbers.

One big reason the program failed: more than half the 1,000 recipients of the federal cheques were not actually active tobacco farmers. Adult children whose parents received payouts ended up leasing land and equipment from their folks and going into the tobacco business and vice versa. Similar creative business relationships existed "between brothers, sisters, grandparents, and in-laws, all of which met the terms and conditions of the program


...AM MOCKED: Canadian Taxpayers Federation's annual Teddy Awards

Watch[dog] slams tobacco 'boondoggle'

"And the Federal Teddy goes to Agriculture Canada's expensive tobacco boondoggle," Gregory ...s, the CTF's director in ...aid in a news release ...gram set up ...to get out of the ...ss that ended up ...umber of tobacco

...als cried foul yes... they learned of the ...dy.

...eukamm of Aylmer, chair of the Ontario Flue-Cured Tobacco Growers Marketing Board, said the transition program was never intended to eliminate tobacco production in southern Ontario.

Neukamm cited federal documents stating that the program's purpose was to promote an orderly restructuring of tobacco farming at a time when the quota system was failing and the domestic market was in disarray. Key to that was purchasing and retiring 277-million pounds of quota, which was a licence to grow tobacco that had value as an asset.

Neukamm also takes exception to the suggestion that the number of tobacco farmers doubled in the aftermath of the buyout. More than 1,000 families held licences to grow tobacco in 2009. The number of growers who re-entered production in 2010 under the new contract system was far less than this...

"I don't believe what they're saying is entirely accurate," Neukamm said. "The board spent a great deal of time convincing the government that the program was necessary. This industry was collapsing because of aggressive government programs again... tobacco and the tobacco c... panies' response to that. S... I don't think the critic... warranted."

under the funding agreement," noted the AG.

The Hunt for Red Ink Subs

Department of National Defence
Nominated for: Most expensive set design
Production cost: $3 billion

Since the Chretien government scored the deal of the century -- picking up four diesel-powered subs for $750 million -- repair costs have surpassed $1 billion and the eventual tab is forecast to rise to as much as $3 billion. The *HMCS Chicoutimi* has seen only two active days of service since it was purchased 13 years ago. With the *HMCS Corner Brook* out of action until 2016 and two other subs not expected to go into service until 2013, Canada's submarine fleet will have exactly one operational vessel this year – if all goes well.

Money (Dough) Ball

Atlantic Canada Opportunities Agency
Nominated for: Special distinction for use of dough in a corporate welfare film
Production cost: $190,000

While New Brunswick is grappling with an obesity rate nearly twice the national average, the Atlantic Canada Opportunities Agency (ACOA) found a way to help.

In 2011 ACOA provided $190,000 in funding to Mrs. Dunster's Donuts of Sussex, NB for a new cold storage halocarbon freezer system. Unlike its trendy competitors, the distinctive apple-shaped Dunster's donut retains its unique rich flavor, because it is the only commercially produced donut still on the market made with pure lard.

PROVINCIAL

Money for Nothing, this Committee's Not Free (Provincial Winner)

Alberta MLAs of the Standing Committee on Privileges, Elections, Standing Orders and Printing
Nominated for: Worst ensemble cast performance
Production cost: $1-million

In January, CTF Alberta Director Scott Hennig brought to light a legislative committee that — while being paid $1,000 a month — has not met since 2008. It's little wonder it is the most popular committee in the legislature at 21 members — a full one-quarter of all MLAs.

In 2008, MLAs voted to change the way they get paid for committees, from a small stipend for each meeting they attended, to a flat, guaranteed $1,000 per month for each MLA. The tab, just for fees paid to these MLAs for serving on this committee for one year, comes to $261,000, adding up to nearly $1 million since it last met.

> "Now we all know if the Canadian Taxpayers Federation hadn't shone a light on this caper, we'd probably be none the wiser."
>
> Rick Bell
> *Calgary Sun*

Occupy BC Hydro – Money for the 99 per cent

British Columbia: BC Hydro
Nominated for: Best collaboration by management and its

The 2013 Teddies

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MLAs hog wild

Committee pays a grand a month to members – for not meeting

JACKIE L. LARSON
Legislature Bureau

EDMONTON — Long name. Big bucks. Crying shame.

The Canadian Taxpayers Federation gave a provincial Teddy award — a dubious distinction given to highlight government waste — to the legislature's largest committee with the longest name but the least to be proud of.

"I'm sure they have some sort of Bat Signal they put up outside the (legislature), and then all 21 of them scurry back here for the important committee meeting of the Standing Committee on Privileges and Elections, Standing Orders and Printing, which I'm sure does important work," said CTF Alberta Director Scott Hennig.

"Clearly it's not all that important if they haven't met in this long."

In 2008, provincial politicians voted to change com-

FILE PHOTO

held a meeting since 2008.

That despite an annual committee payroll of $261,000

It all runs together, she said.

"I sit on so many commit-

work or MLA pay, and they think I've earned it," he said.

Prins was brief, referring ...rters to a judicial review

majority of the legislature chosen to accept my points of privilege, then that committee would have met and done the

employees
Production cost: $42.3 million

One multi-billion dollar corporation has heeded the message of the Occupy protestors. BC Hydro handed out performance bonuses to 99 per cent of its employees, including $840,000 for executives, $31 million for management and professional staff and $10.5 million for unionized employees.

After all, BC Hydro made a profit of $589 million last year – thanks to outstanding management and execution. This might have something to do with the 4.67% price increase the monopoly charged its customers or the $696 million in debt that BC Hydro pushed off into future years.

One has to wonder just how bad a job you have to do at BC Hydro to be a part of the 1 per cent who did *not* get a bonus.

A Clockwork ORNGE

Ontario: ORNGE air ambulance service
Nominated for: Best screenplay with probable sequels
Production cost: $25 million and searching

The 1971 Academy Award nominated film 'A Clockwork Orange' depicted a futuristic world terrorized by a rampaging gang of narcissistic sociopaths, wreaking havoc at every turn. Fast-forward 40 years and the McGuinty government's ORNGE air ambulance scandal appears eerily similar, albeit with less violence.

The Ontario government's arrangement with air ambulance provider ORNGE allowed $700 million in public funds to flow through the service with little oversight. As a result, upwards of $275 million has become entangled in questionable business deals and a mysterious web of subsidiary companies. A forensic auditor says $25 million is completely unaccounted for. The Ontario Provincial Police are investigating "financial irregularities" at the company and most senior executives of the ORNGE air ambulance service have been terminated.

Before it collapsed, ORNGE paid $8.8 million to the law firm of its counsel, Alfred Apps, who was also serving as president of the Liberal Party of Canada while he helped structure the company's complicated finances.

Stay tuned for the sequel in the 2013 Teddies.

> "The Ontario government's arrangement with air ambulance provider ORNGE allowed $700-million in public funds to flow through the service with little oversight. As a result, upwards of $275 million has become entangled in questionable business deals and a mysterious web of subsidiary companies."

PHOTO: WIKIPEDIA/AHUNT

MUNICIPAL

Snow Day (Municipal Winner)

City of Montreal
Nominated for: Special distinction in unique use of a prop in a taxpayer-funded film
Production cost: Unknown

After a YouTube video went viral showing snowplows, plowing completely dry and empty sidewalks, the Academy of Taxers and Spenders knew it had an instant winner from Montreal. The rampant corruption and rip-offs in Montreal are well known, but they're usually not rib-tickling funny. This video – which can be searched for on YouTube by entering "Only in Quebec," – truly demonstrates Equalization payments being put to good use.

City's Starbucks grounds for controversy

TAXPAYERS' MONEY

By Kristin Annable

An award mocking an Alberta ...ity for spending $280,000 ...er dollars to open a ...as reignited a de-

that fund their competition.
"If no one comes into this place, the government won't just shut it down the way the private sector would. They have a never-ending line of credit," Mr. Hennig said. "It is very hard to compete wit... government's deep...
For Co...

City of Calgary, Alberta

Nominated for: Worst Set Design
Production cost: $25 million and counting

With construction of Calgary's Peace Bridge 15 months behind schedule and significantly over budget, this was a popular nomination from CTF supporters in Alberta.

The question now is whether the city can complete the expensive piece of public art — seemingly modelled along the lines of a Chinese finger trap — for less than the production cost of Clint Eastwood's, *The Bridges of Madison County* at $35 million.

This year's municipal Teddy winner came from Montreal citizen Mikhail Ozerski, who, ironically, does investigative work for a living. We are pleased to pass along the following note Mikhail sent to us after learning his YouTube video had earned a prestigious Teddy!

> *I was the one who filmed the Montreal snowplows and posted the video on YouTube. That day I wasn't working, nobody had paid me to do it and there was no hidden agenda on my part. It's funny until you realize that the snowplow operators are paid out of our pockets. The damage made by those shovels is enormous and in three or four years, we'll be paying again to fix the sidewalks. No wonder sidewalk repair is an endless process in Montreal!*
> *Mikhail Ozerski*

PHOTO: MIKHAIL OZERSKI

Taxpayerbucks

City of St. Albert, Alberta

Nominated for: Worst performance by a city government in a competing role

Production cost: $280,000

In a tough economy, local businesses pay the taxes and provide the jobs that keep a city alive. It must have then puzzled the coffee shop operators of St. Albert, Alberta when the city went into business against them

City council decided to get into the coffee shop business themselves and purchased a *Starbucks* franchise, hoping to prop up a money-losing city-owned recreation centre with the profits. Of course the city didn't mention the plan to the small business owner who operates a *Booster Juice* location in the same recreation center, paying rent and taxes to the city.

LIFETIME ACHIEVEMENT

The Patriot

Former Bloc Québecois leader Gilles Duceppe

After losing his seat in Parliament, separatist leader Gilles Duceppe walked away with a guaranteed, indexed, annual pension for life of $140,765. If he lives to age 80, Mr. Duceppe will have collected $2.9 million and his surviving spouse will be eligible for $84,459 annually.

When Quebec voters turfed 45 of their 49 Bloc MPs, the losers walked away with $1.6 million in severance payouts and another $1.6 million in annual pension benefits. This adds up to a staggering $41.8 million in lifetime pension payments — the gift of a grateful nation. This is in addition to $23.5 million in direct taxpayer subsidies to the Bloc Québecois between 2004 and 2011.

Duceppe-tion takes cake

Separatist's pension wins taxpayer Teddy for waste

MARK DUNN
Senior National Reporter

OTTAWA — Former Bloc leader Gilles Duceppe's gold-plated pension was trotted down the red carpet of waste Wednesday at the glitzy, Oscar-like Teddy Awards.

The showcase event hosted by the Canadian Taxpayers Federation honoured the separatist cheerleader with its lifetime achievement award — a gold sow symbolizing government pork.

DUCEPPE
$140Gs a year

"Mr. Duceppe lost his seat in Parliament, but he's still collecting $140,765 every year for life from Canadian taxpayers, the gift of a grateful nation for a lifetime of devoted service to trying to break it up," the federation's federal director Greg Thomas said.

Flanked by a pink pig mascot in black coat tails named Porky the Waste Hater on one side and a statuesque bombshell hostess on the other, the tuxedo-clad Thomas recited a list of public purse abusers representing federal, provincial and municipal governments, departments, employees and politicians.

He said the Teddies — a spoof of other award shows but based on ridiculous waste — recognize "the worst of the worst in government greed and graft, fraud and flagrancy."

Agriculture Canada won a hog for its $284-million program to pay farmers to leave the tobacco business — only to see the number of tobacco growers double.

Snow problem

Alberta was snouted for allowing MLAs to collect $1,000 a month to sit on a committee that hasn't sat since 2008.

Montreal took home the bacon for sending snowplows into the streets when there was no snow.

"Motorists and pedestrians need speedy snow service after the snow falls, not before," said Thomas.

Runner-ups include National Defence for spending $2 billion since 1998 on four used submarines still not in service.

The Atlantic Canada Opportunities Agency was cited for spending $190,000 to subsidize donuts made with pure lard in New Brunswick, the province with the highest obesity rates.

The National Capital Commission's $5.2-million purchase of portable skate shacks for the Rideau Canal that sit unused 337 days a year was given a shout-out.

The awards are named after Ted Weatherill, the former chairman of the Canada Labour Relations Board who was dismissed in 1999 for excessive spending.

mark.dunn@sunmedia.ca
Twitter: @markdunnsun

SEE THE VIDEO ...
torontosun.com/pork

ANDRE FORGET/QMI AGENCY

Canadian Taxpayers Federation federal director Gregory Thomas, centre, presents the Teddy Awards with hostess Catherine Briere and Porky the Waste Hater on Parliament Hill Wednesday.

After Duceppe left office, it came to light that he had secretly paid the Bloc's executive director for seven years from the budget of the Parliament of Canada. Duceppe also billed taxpayers for the services of an author who wrote and later published a book on the history of the Bloc.

For a lifetime of pa-

triotic service and for generously accepting millions in taxpayers' cash, this year's big pig goes to Gilles Duceppe.

Wasteful government ideas know no limit

Try as they might, it seems our politicians never quite drain the wellsprings of futility. There is always another mad scheme to be tried. Each spring the Canadian Taxpayers Federation highlights some of the more wasteful ideas from the previous 12 months. The list is long and depressing.

Last year, Edmonton city council spent $5,000 for the best poem about riding the bus. Pressed for an explanation, the mayor summed up his philosophy of ... "It was a $5,000 ...

top oasis" for its employees. Yet, inexplicable as these expenditures might seem, they're mere trifles. When it comes to the art of boondoggling, government knows no limits.

Agriculture Canada spent $301 million on a "tobacco transition initiative" intended to subsidize farmers who want to leave the tobacco industry. How did this subsidy work out? As anyone with the flimsiest grasp of economics could predict, the number of tobacco farmers doubled.

The Department of National ... close to $2 ...

is out of service until at least 2016. And none of them can patrol under Arctic ice, a serious deficiency for a country concerned with Arctic sovereignty.

Then there is the National Capital Commission in Ottawa, which spent $5.2 million on portable skate shacks for the Rideau Canal. But outdoor skating on canals is highly time-limited. Last year the shacks were in use for all of 28 days.

Not that grandiosity with taxpayers' money is confined to government. Justice Vital Ouellette of the Yukon Supreme Court ordered the construction of a $15-... French-language school ...

Of course, lunacies like these aren't purely a Canadian tradition. The Florida state government recently passed a law requiring vending machines to carry a warning label. Specifically, the label warns the public to file a report if they can't see it.

And the health-care bill passed by the U.S. Congress in 2010 lists 140,000 medical complaints covered by the legislation. Among them are nine categories of injuries caused by parrots, and three forms of burn injury brought about by ... catching fir...

when they plunked down $280,000 to purchase and set up a Starbucks franchise?

Simple. They thought a premium coffee outlet would improve the quality of the experience downtown.

And the impact on existing cafe owners that a municipally owned Starbucks would put out of business? Never came up. ... the manager of communi... protective services put ... didn't anticipate th...

CONCLUSION

As stated at the beginning, The Teddies are a humorous way to shed light on government waste. But we're happy to report that they are starting to be taken, well … seriously!

Two years ago we awarded a Teddy to "junk mail" sent by MPs to constituents outside their ridings. Shortly after, the issue was debated in the House of Commons and the practice (also known as "ten-percenters") was scrapped.

A year later, the public accounts revealed a savings of $6 million.

This year, a group of Alberta MLAs who pay themselves $1,000 a month to sit on a committee that hasn't met since 2008 took home this year's provincial honours. Needless to say, taxpayers weren't impressed.

Within five days of the CTF's press conference, Alberta Premier Allison Redford not only suspended pay for the committee that never met, but suspended *all* committee pay until a full review was completed. As at the time of this writing, almost all opposition MLAs have paid back their no-meet committee allowance and government MLAs have been ordered by the premier to do the same..

So to keep with the movie theme it appears that the "action" part of "lights, camera, action" is starting to get the attention it deserves! See you next year …❖

> "The Teddies are a humorous way to shed light on government waste. But we're happy to report that they are starting to be taken, well … seriously!"

Redford suspends MLAs' committee pay

Opposition members say cash should be returned

JAMES WOOD
CALGARY HERALD

A growing political controversy over a legislative committee that paid big money for no work led Premier Alison Redford on Monday to announce Tory MLAs will no longer receive extra cash for committee duties.

"We have a confusing system that doesn't allow Albertans to understand what a transparent and open process looks like with respect to MLA compensation," Redford told the legislature.

The move comes even as ... review of MLA pay headed b... former Supreme Court Justic... John Major is being complete... It is expected to be releas... at the end of April.

Redford said last week the ... government would fully ac... cept Major's recommend... tions. However, her stat... ment Monda... it would "... the repo...

... a limit of $3,500 a ... ernment commit- ... nly include Tory ... mpensation ...

Smith said Monday two of her MLAs who sat on the privileges committee will return their payments. Heather Forsyth will return about $40,000 and G... Boutilier will give back about ...000.

"I did not as... them to do this. They did so... e soul-searching last week," ... id Smith.

Liberal Le... Raj Sherman, who sat on th... e privileges committee as a T... ry MLA, has al... said he will r... turn th...

Indigenous & independent

by Joseph Quesnel

Resource Industries: The New Buffalo

An increasing number of observers are recognizing a key to First Nation economic independence is through leveraging natural resources.

Calvin Helin – the best selling First Nation author of Dances with Dependency – notes that many of Canada's natural resources are located on First Nation lands. In fact, many of the land claims in the North – that cover a large portion of Canada's total – contain valuable resources.

Therefore, it upsets me when I hear Native communities oppose many of the industries that will help them build their economies and their self-sufficiency. It is more irritating when these moves are encouraged by environmental and other left-leaning groups that believe there is something "romantic" in encouraging indigenous people to remain isolated from the larger economy.

For millennia, indigenous peoples engaged in productive activities and traded with each other. Every one worked. Living off the assistance of others would have been perceived as odd.

The idea that resource industries play a pivotal role in accelerating economic development is not new. Canadian political economist Harold Innis put forward the Staples Thesis, which argued Canada's economic and political development was spurred by the exploitation of primary industries, like fur, fish, wood, wheat, metals and fossil fuels. Canada, he said, "emerged not in spite of geography but because of it."

Understanding how indigenous peoples can play a major role in Canada's economic development requires consideration of how Native people came to their current economic state.

For indigenous peoples, self-sufficient economic activities like hunting, fishing, trapping, or agriculture, gave way to the fur trade. For awhile, Natives worked as intermediaries in the system of merchant capitalism and many prospered as did the industry.

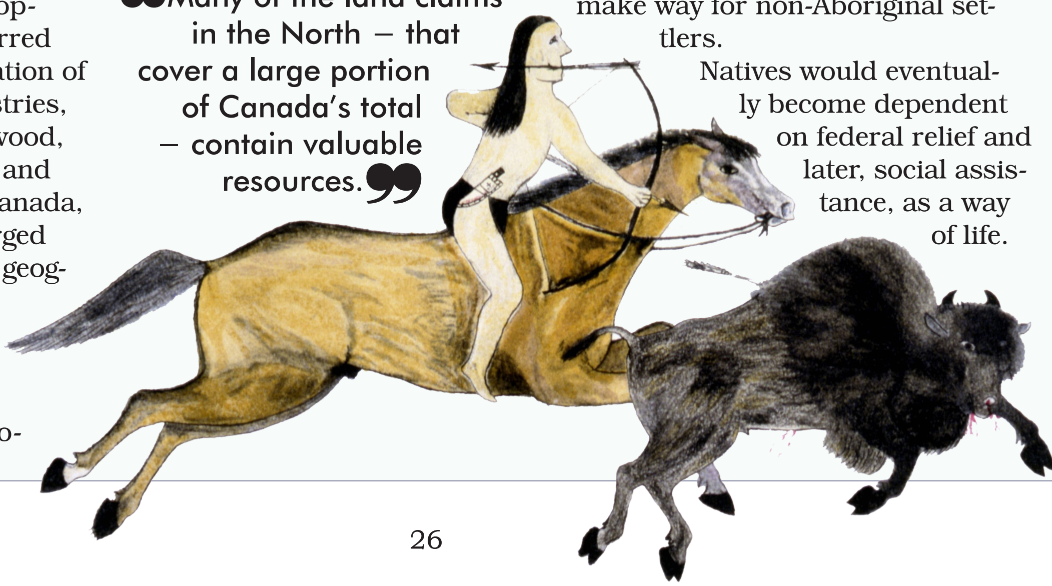
Things got rocky in the transition to industrialism.

Involvement in the fur trade and early mercantile trade made Native communities very reliant on European goods, which at the outset enhanced their productivity in hunting and other activities, but with the decline of the fur trade and the buffalo economy, Native people fell behind. Canada was transitioning from a rural, agriculture-based economy to an urban, industrial economy. This new economy required more formal education which most Natives did not possess.

The decline of the fur trade made many bands desperate for income as their self-sufficient economic base had been eroded. For many communities, they resorted to selling their land to non-Aboriginal settlers. The post-Confederation era was characterized by questionable land transactions with Native people on the part of the government. Valuable lands were reduced in size to make way for non-Aboriginal settlers.

Natives would eventually become dependent on federal relief and later, social assistance, as a way of life.

> "Many of the land claims in the North – that cover a large portion of Canada's total – contain valuable resources."



Indigenous & independent

by Joseph Quesnel

“However, there are Native communities that are finding their place in the new resource economy. This represents to a great extent the re-entry of indigenous peoples into Canada’s economic development. A good example is Canada’s oil sands.”

Their reserves were often located in isolated, marginal areas, so economic prospects were bleak.

However, there are Native communities that are finding their place in the new resource economy. This represents to a great extent the re-entry of indigenous peoples into Canada’s economic development. A good example is Canada’s oil sands. Many oil sand operations in northern Alberta are adjacent to First Nation communities. Few realize the extent to which First Nations are involved in this industry. In fact, in 2010, oil sand companies contracted more than $1.3 billion in goods and services from Aboriginal businesses. Moreover, in 2010, there were more than 1,700 Aboriginal employees in permanent jobs in the oil sands industry. In net benefits to First Nation communities, oil sand companies provided $5.5 million to support Aboriginal community programs.

Clearly, while not on the level of the fur trade, resource industries are an effective and current way for First Nations to work with non-Aboriginal business and improve their communities.

A major study by TD Economics found the resource boom was working greatly to the advantage of all Aboriginal people (including Metis). The combined income of Aboriginal households, business and government sectors will have reached $24 billion in 2011 and could eclipse $32 billion by 2016. Most of this is due to the shift in the Aboriginal labour force towards the natural resource sector (mainly oil and gas) and the construction industries that service them. If achieved, this income could exceed the GDP in Newfoundland and Labrador and PEI combined.

It is disappointing when First Nation communities announce they will oppose the Enbridge Northern Gateway pipeline via British Columbia or TransCanada’s Keystone XL pipeline. Understandably, many are concerned about the environmental impact, but the rail sector reports more incidents than the pipeline sector.

In opposing the oil sands, they are in fact damaging an industry that is so integral to Aboriginal economic development and, in fact, resisting their transition back to their rightful position within the economy.

Education was described once as the “New Buffalo” for Aboriginals, but it’s clear the resource industries are as well.❖

A Metis, Joseph Quesnel is the former editor of the Winnipeg-based Aboriginal newspaper *First Perspective* (www.firstperspective.ca) and a regular contributor to the *Winnipeg Sun.* Presently, he works as policy analyst with the Frontier Centre for Public Policy in Lethbridge, Alberta. Joseph is a long-time advocate for limited government.

The Canadian Taxpayers Federation is pleased to present the good works of other organizations that advance the cause of limited government. The Macdonald-Laurier Institute (MLI) is a non-partisan Ottawa-based think-tank founded in 2010 by Brian Lee Crowley.

Brian has been on these pages previously in his capacity both as an author and former president of the Atlantic Institute for Market Studies. Not surprisingly, MLI has quickly earned top billing – here and abroad – for impactful research and commentary.

In the feature below, MLI Director of Research Jason Clemens presents ideas to address the coming demographic challenges facing our aging society.

Solutions are not without debate, but make no mistake, the status quo is not an option. MLI is to be commended for its timeliness in presenting and leading on such an important and timely issue.

Want to join the discussion? E-mail: letters@taxpayer.com

SOLUTIONS *for an Aging Society*

By Jason Clemens
Research Director
Macdonald-Laurier Institute
macdonaldlaurier.ca

In 2011, the Macdonald-Laurier Institute published a study by McGill University economics professor Christopher Ragan that calculated the size of the coming demographic deficit. Ragan estimated that economic growth would slow and thus revenues collected by government would also slow due to the aging of society while at the same time experiencing increased pressure on spending from age-related programs like health care and retirement income. Ragan estimated that these combined forces would result in a deficit of 4.2% of GDP or roughly $67 billion in today's dollars.

In response, the Macdonald-Laurier Institute asked five leading Canadian thinkers for their suggestions on how best to respond to this coming challenge. What follows is a summary of the key ideas and recommendations offered by Ronald Kneebone (University of Calgary), Janice MacKinnon (University of Saskatchewan and former NDP Minister of Finance, SK), William Watson (McGill University), Bev Dahlby (University of Alberta), and this author from the Mac-

donald-Laurier Institute's recent *Canada's Looming Fiscal Squeeze: Collected Essays on Solutions*.

Develop a framework

Several contributors called for a regular, comprehensive review of spending by all levels of government to ensure that such spending is effective. One recommended the framework used by the federal Liberal government in 1994.

Ron Kneebone, economics professor at the University of Calgary, proposed a different approach, one that begins with an overarching *fiscal rule* rather than individual policy reforms. Kneebone called for a hard cap on the debt-to-GDP ratio of 60% for governments in Canada, along with an annual deficit cap of 1% of GDP, both effective in 2021. He argued that an overarching fiscal rule would create incentives for governments to enact spending and tax reforms so they could live within these constraints.

> "McGill university professor Christopher Ragan ... estimate(s) that economic growth [will] slow and thus revenues collected by government will also slow due to the aging of society while at the same time experiencing increased pressures on spending from age-related programs like health care and retirement income ... These combined forces would result in a deficit of 4.2% of GDP or roughly $67 billion in today's dollars."

Tackle the health care elephant

Expected increases in health care costs and retirement income programs account for most of the anticipated rise in spending attributed to demographic shifts. The contributors broadly agreed that changes to Canada's health care system were needed. Given professor Janice MacKinnon's experience and leadership as Saskatchewan's NDP Finance Minister in the early 1990s, her recommendations on health care reform are of particular interest. She recommended diverting activity away from hospitals towards smaller private clinics, moving patients from emergency rooms to primary health clinics, changing the payments for doctors from fee-for-service to salaries, and reclassifying some portion of health care spending so that it is a taxable benefit for individuals.

Professor Dahlby similarly called for changes to the way hospitals are compensated. He concurred with MacKinnon that some portion of health care spending should be a taxable benefit.

This author offered an idea modelled on the successful welfare reforms of the 1990s. I argue that the federal government first needs to reform the health transfers to the provinces to allow the provinces greater flexibility and autonomy in the design, regulation, financing, and provision of health care while

retaining the principles of universality and portability.

None of the contributors felt that maintaining the status quo is an option for Canada's health care system. Some changes in its regulation, delivery, and financing will be necessary for the system to both weather the coming demographic pressures and realize improved efficiencies.

"None of the contributors felt that maintaining the status quo is an option for Canada's health care system. Some changes in its regulation, delivery, and financing will be necessary for the system to both weather the coming demographic pressures and realize improved efficiencies."

Implement labour market, productivity, and other reforms

There was considerable overlap among the four contributors who provided specific program reforms (recall that Kneebone offered a framework for reform) in a number of other areas.

Labour market reforms

All the contributors called for reform of Canada's Employment Insurance program to ensure it acts as a true insurance system against unplanned unemployment. Specifically, several argued that seasonal employment biases must be eliminated, as must social programs now imbedded in the EI program.

Other labour market reforms, such as improving access for skilled immigrants by finding ways to recognize their credentials, providing better access to child care services, and improving incentives for older workers to keep working after age 65 were offered as ways to improve future labour market participation, economic growth, and productivity.

Economic growth and productivity-improving reforms

The contributors offered specific policy reforms for improving the country's economic growth rate and productivity. Several mentioned eliminating inter-provincial trade barriers to improve economic efficiency and potentially gain economies of scale.

Some also advocated ending supply management for agricultural products to improve economic growth and productivity. Supply management currently enjoys a fairly high profile due to the recent elimination of the Canadian Wheat Board and on-going trade negotiations with both the European Union and the Trans-Pacific Partnership.

There was some agreement from the essayists on two final recommendations: the elimination of regional development subsidies by the federal government and the encouragement of greater trade through infrastructure development using public-private partnerships.

Develop smarter tax policy

The contributors also agreed broadly that Canadian governments needed to rework tax policy so that it better balances the need to generate sufficient revenues to cover spending while minimizing disincentives for work effort, savings, investment,

and entrepreneurship.

Two essayists argued that simplifying the tax code could improve economic growth and increase revenues without increasing tax rates. William Watson and myself both argued that tax expenditures should be thoroughly reviewed and substantially reduced. We agreed that such actions would result in higher revenues, although I further suggested that the revenues gained be earmarked for lower marginal income tax rates, which would spur economic growth and, in turn, tax revenues.

Professor MacKinnon asserted that the provinces and federal government need to rely on user fees to a greater extent. Professor Dahlby and I both argued that tax increases should be a last resort, but that if such action were necessary, consumption taxes like the GST (now HST) should be relied upon rather than income taxes, because the latter impose much higher costs on society than the former.

Consider some unique recommendations

Two essayists offered unique recommendations. First, Janice MacKinnon urged a broad review of Aboriginal policies with a focus on education and training for Aboriginal peoples to ensure they have the skills and knowledge to enable them to more fully participate in the labour market.

Professor MacKinnon also suggested that the federal and provincial governments make aggressive infrastructure investments through public-private partnerships (P3s). She argued that P3s allow for large-scale investments in needed infrastructure without burdening taxpayers with additional debt.

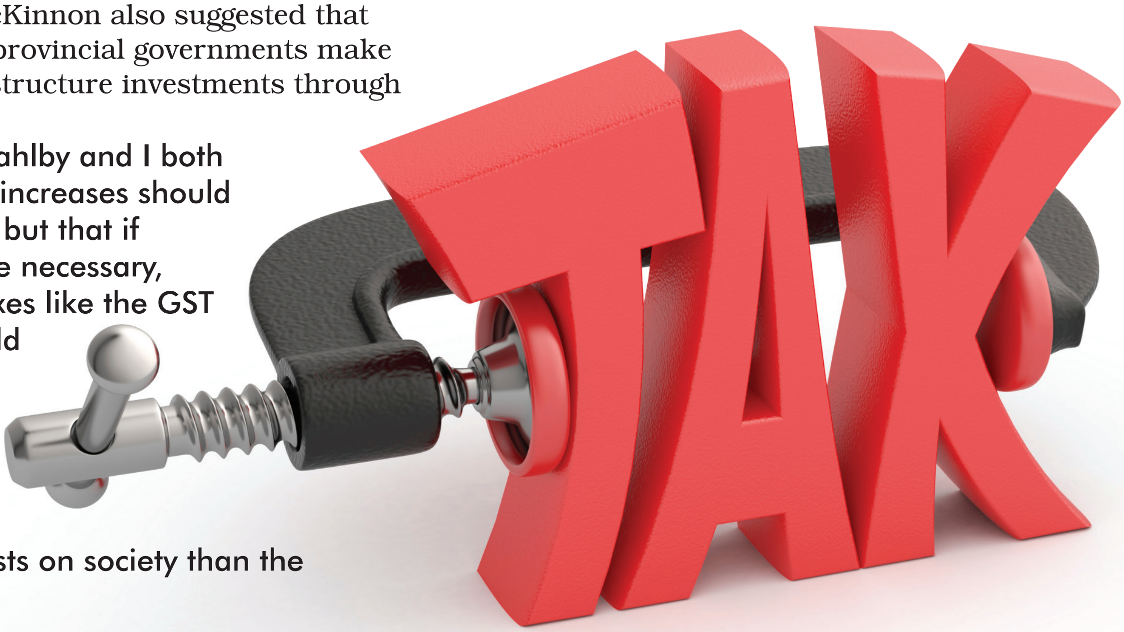
Finally, I called for an increase in the age of eligibility for public retirement programs such as Old Age Security and the Canada Pension Plan. Such an increase, I believe, could mitigate the cost of the programs over time and could be implemented over two decades to avoid displacing any age cohort. Age of eligibility increases would reflect the marked life expectancy advancements that have not, to date, been incorporated into retirement income programs.

Conclusion

Canada, like all industrialized countries, is facing the increasing burden of an aging society. The country can either proactively implement solutions to help overcome this problem or can react in crisis when the full weight of the costs is upon us. The five thinkers contributing to the Macdonald-Laurier study have offered practical, workable solutions to the coming fiscal deficit. It is imperative that they be discussed and debated.❖

The Macdonald Laurier Institute can be found at macdonaldlaurier.ca. The organization's work is funded by donations.

“Professor Dahlby and I both argued that tax increases should be a last resort, but that if such action were necessary, consumption taxes like the GST (now HST) should be relied upon rather than income taxes, because the latter impose much higher costs on society than the former.”



Auto-industry profits don't mean bailout

THE $474K G

By Mark Milke

With sales and profits up at General Motors, proponents of the 2009 automotive bailout for GM (and Chrysler) now assert the taxpayer-financed rescue was a success. In a visit to Michigan in late January, U.S. President Barack Obama argued the deal saved jobs. Canadian politicians, including Finance Minister Jim Flaherty, who last summer incorrectly asserted taxpayers received all their money back, have made similar boasts.

Given the revisionist history in play, let's place that 2009 deal in proper context.

It's no surprise that GM and Chrysler are doing better. Relieve any company of its debt through bankruptcy and stuff it with taxpayer dollars and it would be remarkable if cash flow and profits did not dramatically improve. But corporate restructuring through bankruptcy regularly occurs. The relevant question, in this specific instance, is why were taxpayers also dragged into it?

The answer – jobs, as the politicians assert – is not convincing. In 2009, 5,420 companies went bankrupt Canada-wide. I'm aware of only two rescued with tax dollars: GM and Chrysler (the latter for the second time in three decades).

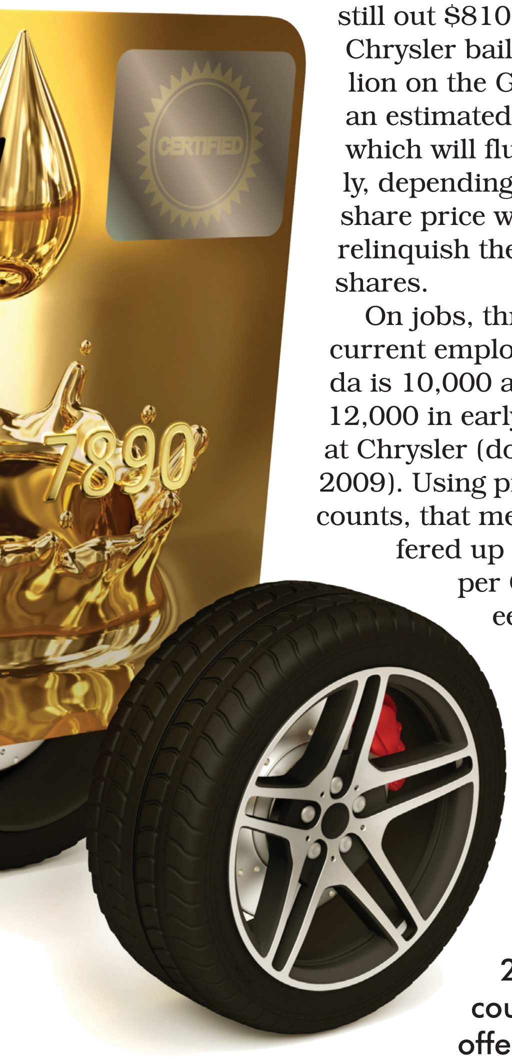
It was a costly exercise. The federal and Ontario governments loaned $13.7 billion to the two companies in fiscal 2009-10. That was 38% of the $36-billion in corporate income tax revenue collected by both governments that year.

It was an interesting gamble, risking four out of every 10 corporate tax dollars to resuscitate two companies. Problematically, in a shrinking market for automobiles, jobs "saved" at one company are merely sacrificed at another. The bailout did not increase demand for automobiles or for any of the parts or materials needed to build them.

was a success
GM JOB

Some bailout cash has been returned to the public treasury. But taxpayers have still lost substantial amounts, according to the federal Finance department.

After subtracting the partial repayment made by both companies, the governments' sale of some shares obtained via the bailout, and the present value of GM stock still held by the two governments, taxpayers are still out $810 million on the Chrysler bailout and $4.74 billion on the GM loan. That's an estimated $5.5-billion loss, which will fluctuate only slightly, depending on the final GM share price when governments relinquish their remaining shares.



On jobs, three years later, the current employee count in Canada is 10,000 at GM (down from 12,000 in early 2009) and 9,000 at Chrysler (down from 9,800 in 2009). Using present employee counts, that means taxpayers offered up a $90,000 subsidy per Chrysler employee and a $474,000 subsidy per GM employee. (The company-only estimates are fair calculations; in the absence of GM or Chrysler, lost spinoff jobs at auto-parts manufacturers and dealerships would have been at least partly restored by either the two post-bankruptcy companies or by other automotive companies.)

Additional job losses at the two companies in 2009 would have been painful. However, put such numbers in the wider context: Across Canada in 2009, 259,000 full-time positions evaporated (with 129,000 of those in Ontario).

It would have been fiscally reckless and practically pointless to try and rescue every company and all employees in every province that year. Instead, laid-off employees have access to Employment Insurance, tuition breaks, student loans and retraining subsidies. Auto workers in the same predicament could have accessed these programs for a tiny fraction of the $5.5-billion bailout cost.

Recessions do end and people are rehired: Across Canada, total full-time employment is now 387,000 higher than in December 2009. That includes 150,000 more full-time positions in Ontario and a whopping 171,000 more jobs in Alberta.

Saskatchewan and Manitoba have 29,000 more full-time positions now than at the end of 2009; that's 10,000 more than the present GM and Chrysler workforce combined. In other words, the two-company automotive bailout was expensive and counterproductive for GM and Chrysler's competitors, and for taxpayers in general. It also ignored the wider economy.

One automotive journalist in favour of the bailout recently argued that such matters should be driven by "hardnosed business insight" and not ideology. I agree. No prudent Canadian bank would have loaned GM and Chrysler billions of their depositors' money back in 2009. That only occurred in the softer, political realm with tax dollars — a $5.5 billion loss for Canada's taxpayers. Meanwhile, U.S. taxpayers are out $23.8 billion, according to a recent U.S. Treasury Department report to Congress.

For supporters of the bailout,

“On jobs, three years later, the current employee count in Canada is 10,000 at GM (down from 12,000 in early 2009) and 9,000 at Chrysler (down from 9,800 in 2009). Using present employee counts, that means taxpayers offered up a $90,000 subsidy per Chrysler employee and a $474,000 subsidy per GM employee.”

> It was a costly exercise. The federal and Ontario governments loaned $13.7 billion to the two companies in fiscal 2009-10. That was 38% of the $36-billion in corporate income tax revenue collected by both governments that year.

their error was not only mathematical but conceptual: Too many were romantic about particular corporations. But companies fall and new ones arise to take their place. The critical and useful role for government is to create the policy framework that helps ensure a vibrant economy, not to micromanage layoffs at a particular corporation.

Unless one cares to be protectionist, provincial or ideological, the GM-Chrysler bailout made no sense in 2009 or now.❖

Mark Milke is a senior fellow with the Fraser Institute and author of several studies on corporate welfare. This article originally published February 16, 2012 in the *National Post*

Even kids know when something doesn't add up

We've all squirmed as we watch the television commercials from Ally Bank – such as the one where a mean man wearing a suit helps himself to a pre-schooler's chocolate eggs ("egg management fee," he explains to the helpless youngster) or the one where he gives one little girl a plastic pony, then gives her friend a real pony ("You didn't say I could have a real pony…" she protests. "You didn't ask!" he tells her, smirking). Or the one where he takes a toy truck from a chubby little boy, replacing it with a cardboard cutout ("Limited time offer…it's right here in the fine print," the well-dressed hustler explains to the kid).

It turns out that Ally Bank is the new name for General Motors Acceptance Corporation, the financial arm of GM that received a $17.2 U.S. bailout from the U.S. Treasury in 2009, over and above all the money that went to GM itself.

Ally's slogan is "it's just the right thing to do" and Ally's television commercials attack the business practices of its competitors in the banking industry, with slogans such as "even kids know it's wrong to hide behind fine print," "even kids know it's wrong to give someone the runaround," "even kids know it's wrong to treat new friends better than old friends," and "even kids know it's wrong to take other people's stuff."

Of course, Ally-GMAC did take other people's stuff – it still owes the U.S. government $11.8 billion of taxpayers' money. And as recently as April 2012, it was still considering whether to place its U.S. mortgage business into bankruptcy. Is that really the right thing to do?

In the meantime, Ally's television commercials make demeaning statements about banks that took no taxpayer bailouts, ridiculing contracts between lenders and borrowers as "fine print." Ally mocks banks for issuing deposit certificates for fixed terms, with financial penalties for withdrawing money early. Ally boasts of offering terrific rates, with no withdrawal penalties, and no minimum deposits – it's easy to do when the U.S. Treasury owns 74% of your business.❖

Anatomy of a Victory

– Alberta's "No Meet Committee"

Over the past few months, the Canadian Taxpayers Federation repeatedly blew the whistle – in reports, media commentaries, supporter alerts and presentations – on the Standing Committee on Privileges, Elections, Standing Orders and Printing – dubbed the "no meet committee" because of the fact that it had not met since 2008. With dozens of Alberta MLAs receiving $1,000 per month to sit on this committee that hadn't met in over three years, the issue touched a nerve with Albertans and eventually resulted in taxpayers getting most of their money back.

May 21, 2008 – Speaker Ken Kowalski's Members' Services Committee votes to change the remuneration for sitting on committees from a per diem, where MLAs get paid $136 per meeting (under four hours), to a per month stipend of $1,000 per committee, regardless of whether it meets.

November 17, 2008 – The last time the Standing Committee on Privileges, Elections, Standing Orders and Printing [the Committee] meets. The meeting lasts 14 minutes.

January 23, 2012 – CTF-Alberta director, Scott Hennig, makes a written and verbal presentation to Justice Major's MLA compensation review. Included in the submission are details on the Committee comprising 21 MLAs from all parties collecting $1,000 per month, despite the fact the Committee had not met since 2008.

March 7, 2012 – The CTF awards its provincial Teddy Award for government waste to the 21 MLAs who were currently sitting on the Committee, noting that over 39 months had passed since it had last met. Many MLAs on the committee are questioned by media and are unable to explain what the Committee does.

March 8, 2012 – Front page of both the *Edmonton Sun* and *Calgary Sun* demand MLAs "PAY IT BACK!" Front page of *Edmonton Journal* states "MLA committee paid for no work."

March 9, 2012 – Premier Redford states that this is a "ridiculous" situation and that she hopes Justice Major will make recommendations to clear up MLA pay issues.

March 10, 2012 – Alberta Liberal Leader Raj Sherman commits to pay back the amount he earned while sitting on the Committee, plus interest. This totals $43,656.17.

March 11, 2012 – Premier Redford says the decision to give back the money is a "personal decision."

> ❝Kudos to the Canadian Taxpayers Federation for outing this scam by bestowing it with its top award this year for wasting taxpayers' money by any provincial government.❞
>
> Lead editorial
> *Edmonton Sun*
> March 10, 2012

> “The members would continue to happily collect their $1,000 a month, had they not been outed by the Canadian Taxpayers Federation.”
>
> Lead editorial
> *Calgary Herald*
> March 17, 2012

The CTF’s Scott Hennig counters “If she thinks it’s ‘ridiculous’ as she called it, then it should be a no brainer to ask them to fork over the dough they got.”

March 12, 2012 – Two Wildrose MLAs, Guy Boutilier and Heather Forsyth agree to give back their pay for the “no meet committee,” amounting to $4,000 and $40,000 respectively. Premier Redford calls the opposition pay-backs a “convenient stunt” and PC House Leader Dave Hancock calls it “grandstanding.” Premier Redford also announces that she will be freezing committee pay for all legislative and government committees pending Justice Major’s report. CTF-Alberta Director Scott Hennig states “She should be asking her MLAs to refund the money.”

March 13, 2012 – *Sun Media* columnist Rick Bell writes: “Don’t forget no one does a thing but cash cheques until the Canadian Taxpayers Federation shines a light on this scandal.”

March 15, 2012 – Premier Redford tells the *Calgary Herald* “Every MLA who sat on that committee needs to make a choice as to what they do and they will be held accountable in the election for it.” Committee chairman, Ray Prins claims “I have done nothing wrong. Why would I give money back?”

The CTF’s Scott Hennig again presses, “We’re calling on them to pay it back. I think the premier should tell them to pay it back.”

March 16, 2012 – Wildrose MLA Paul Hinman tells *Sun Media* columnist Rick Bell that he has no intention of paying back the money he received for sitting on ‘no meet committee.’

March 17, 2012 – Wildrose MLA, Paul Hinman issues a news release announcing “Alberta taxpayers do not owe me anything. I owe them an apology for poorly articulating my beliefs and those of the Wildrose Party. It is in that spirit that I will follow the lead of my colleagues and return all money I received from being a member of the [Committee].”

March 18, 2012 – *Sun Media* columnist Rick Bell writes “Now we all know if the Canadian Taxpayers Federation hadn’t shone a light on this caper, we’d probably be none the wiser.”

March 20, 2012 – Following a Tory caucus meeting, Government whip Robin Campbell informs the media that the 15 PC MLAs on the Committee will pay back the roughly $5,000 in committee pay collected since October 1, 2012, (the date Alison Redford became leader and premier) totalling around $80,000. “We just felt, talking to people, it was the right

thing to do," said Campbell. Committee chairman, Ray Prins, immediately announces he won't be seeking re-election. The CTF's Scott Hennig calls the partial re-payments "A good start."

March 21, 2012 – When asked why she wouldn't ask her MLAs to pay back all of the money they received while on the Committee, Premier Redford states "I can't revisit the past. I can ask caucus to reflect my values since I became the leader of this party and premier of this province."

March 26, 2012 – Provincial election is called for April 23, 2012.

March 27, 2012 – CTV releases a ThinkHQ poll showing that 93% of Albertans disapprove of MLAs collecting money for sitting on a committee that has not met since 2008 (9% somewhat disapprove, 84% strongly disapprove). The same poll showed that the partial repayment by PC MLAs made voters 42% less likely to vote PC and 19% more likely to vote PC. Marc Henry from ThinkHQ states "Make no mistake, this is an issue which will impact the seat count on election day."

> "The Canadian Taxpayers Federation was at the beginning of this campaign exposing the do-nothing committee ... [They've] now done – forced – revelations from the PC's about their spending. [The CTF has] been at the forefront of this election."
>
> Dave Rutherford
> Talkshow Host
> April 12, 2012

> "The now infamous no meet committee has turned into a defining issue of this election, one with consequences for Redford's party."
>
> Vassy Kapelos
> Provincial Affairs Reporter, Global TV
> March 29, 2012

The *Edmonton Journal* and *Calgary Herald* release a Leger Marketing poll showing 83% of Albertans are concerned with the "no meet committee."

March 29, 2012 – Premier Redford holds a press conference stating all PC MLAs who received payment for sitting on the Committee would have to repay "every penny" of the money they received or they "will not have a place in our PC caucus." Redford adds, "Growing up I was always taught that the only thing worse than making a mistake was not admitting the fact you did. I made a mistake on these issues, and now I'm fixing them."

Premier Redford also announces she is suspending the "overly generous" transition allowances (another long-standing CTF campaign). The promise was welcomed despite the fact she has absolutely no authority to suspend transition allowances unless she wins the election, meaning retiring and defeated MLAs will still collect.

The CTF's Scott Hennig declares "a victory for Albertans and a victory for the Canadian Taxpayers Federation."

March 31, 2012 – *Edmonton Journal* editorial entitled "Democracy forced PC shift on pay," states "Getting paid $12,000 a year for doing nothing is pretty outrageous. The fact that MLAs in all parties didn't realize that until prodded by the Canadian Taxpayers Federation shows how out of touch elected officials can be."❖

B.C. Budget Built to Battle Spending Bulge

CTF B.C. Director Jordan Bateman is interviewed by Dawn Steele of CTV News at the 2012 B.C. Budget Lockup in Victoria.

The 2012-13 B.C. Budget was the proverbial mixed bag for British Columbian taxpayers. While the B.C. Liberal government is making moves to rein in spending, families and seniors will struggle under the fourth Medical Services Premium health tax increase in three years.

B.C. Finance Minister Kevin Falcon did follow several recommendations made by your Canadian Taxpayers Federation during pre-budget consultations. Most important, Falcon announced the province would balance the budget in 2013-14, making B.C. only the second province in Canada to get back in black (behind Saskatchewan).

To get there, Falcon committed to rein in spending growth. The CTF had suggested shaving one full point off the planned increase in spending, and indeed Falcon did just that, announcing that spending growth would be held below the rate of inflation.

Jordan Bateman
B.C. Director

Taxpayers have saved more than $3 billion annually because of the net zero wage mandate, which has held provincial government unions to two years of no pay increases – unless their negotiators identified matching cost savings in their contracts. Falcon announced that net zero would continue for another two years – much to the public sector unions' outrage.

Another CTF recommendation included an announced review of the province's carbon tax. The CTF is already preparing its submission to the review panel to scrap the carbon tax once and for all – it has been an unfair tax shift from urban British Columbians on to those who live in the suburbs and rural areas, and it has hurt numerous industries, especially agriculture.

Finally, getting government out of the liquor distribution business is another long time CTF recommendation, and hopefully a precursor to selling B.C.'s retail liquor outlets.

But it wasn't all good news. The B.C. government announced another 4% increase to the MSP health care tax, meaning they've raised the tax 24% in just three years. For a family with children, that's an extra $300 a year in taxes brought in since 2009.

Falcon tried to explain away the MSP hike as an important tool connecting public conscious-

> "Taxpayers have saved more than $3 billion annually because of the net zero wage mandate, which has held provincial government unions to two years of no pay increases – unless their negotiators identified matching cost savings in their contracts."

ness to the idea that health care does indeed cost money. But that's not true for two reasons. First, MSP revenues have absolutely nothing to do with health care costs. MSP premiums are tossed into the provincial treasury along with sales taxes, carbon taxes and income taxes. MSP taxes have no more to do with health than gas taxes. Second, public sector workers – including MLAs like Falcon – do not pay the MSP tax. If the MSP is important in connecting public consciousness to the cost of health care – shouldn't it first be applied to those members of the public who don't pay any of it, let alone year-over-year increases? For those of us in the private sector, there is plenty of "consciousness" of the health tax.

Two other concerns raised by the CTF include the rising level of BC government debt – which is on its way to doubling to $66.4 billion in just eight years. And second, a growing reliance on dividends from Crown Corporations like ICBC, BC Lotteries, and BC Hydro, where ratepayers are overcharged and infrastructure is deferred in order to generate revenue for the provincial treasury. Long term plans are needed to correct both.

Finally, it was announced – with a tad of irony – that the Harmonized Sales Tax will cease to exist at 11:59 p.m. on March 31, 2013, and the Provincial Sales Tax will return the next day, April 1. After watching the HST debacle unfold over the past three years, the April Fools Day timing of its demise seems most appropriate.❖

Fun with FOI

The Freedom of Information Act gives citizens the opportunity to dig documents out of government and discover what exactly is going on beyond closed doors, and hold politicians accountable for the use of our tax dollars. The B.C. office of the CTF files dozens of requests every year – here are a few recent ones that might be of interest to you.

Video Killed the Radio Star:

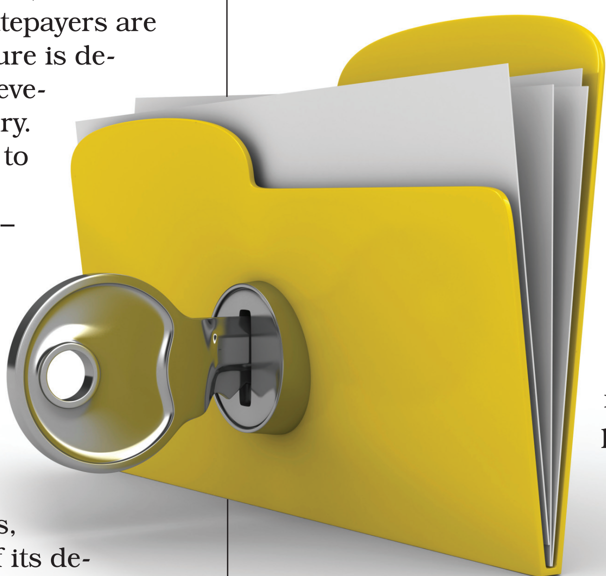
Premier Christy Clark blew $8,960 on a year-end YouTube video, recapping her first ten months in office. Of course, she did more than a dozen free media interviews on the exact same year-end review.

Gagging on a Gag Order:

The B.C. government has spent almost $125,000 in legal fees fighting to keep a $300 million contract with IBM secret for eight years. The government went back to court in March to appeal a previous decision ordering the contract to be released.

Bowling for Dollars:

Sixteen members of ICBC's Finance division went on a "team-building" bowling excursion last September, charging ratepayers $304 in bowling fees, shoe rentals, and $10 gift cards for a prize draw.



Electrical Storm:

BC Hydro handed out more than $42 million in bonuses to 99 per cent of its employees, after a memo signed off by former CEO Dave Cobb said Hydro met its financial goals. Two problems: they raised rates and deferred billions in debt to hit those targets.❖

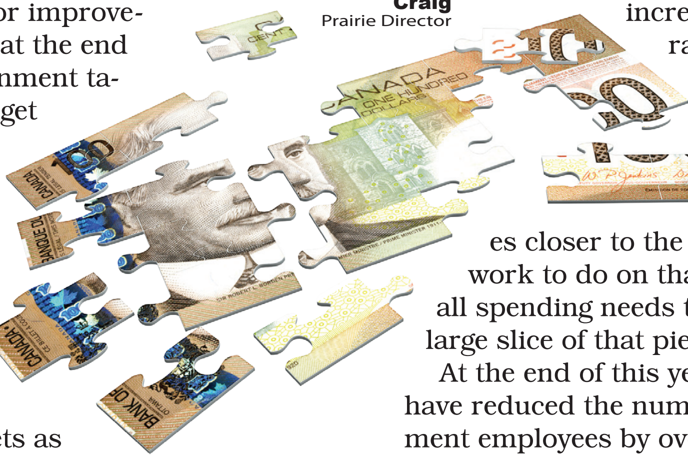
BUDGET WRAP UP

by Colin Craig
Prairie Director

All things considered, the budget tabled by the Brad Wall government is a good one.

In fact, it's likely to be one of the best provincial budgets in Canada this year.

Was there room for improvement? You bet. But at the end of the day, the government tabled a balanced budget while so many of its peers are mired in deficits.



In fact, the Saskatchewan government tabled a small surplus and expects to run surpluses for the next three budgets as well. Thank goodness.

Conversely, the Achilles heel of the budget comes on the spending side.

As much as we heard this would be an "austerity budget" and some have complained about "cuts," in truth, this budget wouldn't even qualify in the "garden clipper" category. Spending will increase by 4.7% this year while inflation is expected to come in at just 2.1%. Yes, government spending will increase at double the inflation rate.

The CTF has been recommending for years that the government tie future spending increases closer to the inflation rate, so there's work to do on that front. But while overall spending needs to be contained, one very large slice of that pie is being addressed.

At the end of this year, the government will have reduced the number of provincial government employees by over 1,300 since 2010. As Saskatchewan has one of the highest ratios of provincial and municipal employees per capita in all of Canada, the government's downsizing is a good thing.

And it's not like these cuts are painful. Around 400 employees leave the government naturally each year due to retirements. Just by not rehiring for those positions, the government can inch closer to the national average when it comes to government workers per capita.

If you're interested in giving feedback to the minister, per-

Intern Meet-Up

Recently I spoke with Saskatchewan's legislative interns – a group of young people working for both the Saskatchewan Party and the NDP caucuses. We had a good chat about what the CTF does, what policies we're pushing, the provincial budget, advocacy strategies and government reform in general. It was interesting to get their take from the inside of government as well!

Did You Know?

Freedom of Information Documents obtained by the Canadian Taxpayers Federation show that over the next ten years 4,329 provincial government employees will be eligible for retirement.

haps give him a pat on the back for bringing in a balanced budget, but tell him there's more work to do on the spending side. After all, the more spending is restrained, the more flexibility the government has moving forward to focus on priorities and reduce taxes.❖

Minister of Finance
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Tax Relief Wrap Up

We were hoping that the 2012 budget would include widespread tax relief, but unfortunately it wasn't on this year's menu.

The government moved forward with a couple targeted tax measures (if you're a first time home buyer you're in luck), but nothing of substance in the way broad based tax relief like dropping income tax rates.

Nonetheless, we're going to keep on pushing for closing the tax gap with Alberta. Sure, Saskatchewan is already booming, but just imagine if there were no sales tax, competitive income taxes and lower school and business taxes!❖

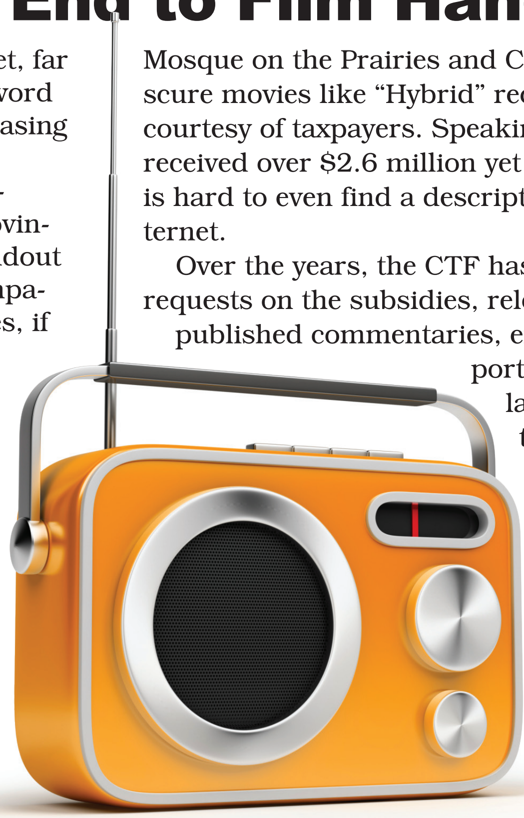
CTF Victory: An End to Film Handouts!

Of all the items in this year's budget, far and away the most exciting was word that the government would be phasing out its film subsidy program.

For years the CTF here (and in all other provinces) has been calling on the provincial government to end this taxpayer handout – a program that reimburses movie companies for 45- 55% of their labour costs. Yes, if

Snippet from CTF Radio Ad on the Film Subsidy:

"Did you know that movie companies are getting millions of tax dollars from the government to pay for employee wages? What makes them so special?..."



a film company spends $100,000 on labour in Saskatchewan, it can receive upwards of $55,000 from the government.

What other business does the government cover so much of its labour costs? What makes film companies so special?

And the subsidies aren't cheap. Since it was introduced in 1998, the government has paid out over $100 million. Everything from Little Mosque on the Prairies and Corner Gas to obscure movies like "Hybrid" received big bucks courtesy of taxpayers. Speaking of "Hybrid," it received over $2.6 million yet for some reason is hard to even find a description of it on the internet.

Over the years, the CTF has filed information requests on the subsidies, released statements, published commentaries, engaged our supporters and met with lawmakers to have this waste stopped.

Of course some in the film and arts community think differently and have been extremely vocal in criticizing the cut in funding.

But the CTF is up for the fight. As this issue was going to print, the CTF took out radio ads supporting the decision and contacted all our supporters across the province urging them to contact the premier and tell him not to back down.

It's great to see the government taking action on a long-time CTF recommendation. Hopefully there won't be a sequel to this program...❖

MANITOBA

SMALL VICTORY ON BRACKET CREEP BATTLE

by Colin Craig
Prairie Director

For years, the CTF has been urging the province of Manitoba to do what nearly all provinces in Canada do – protect their taxpayers from inflation in the tax system.

It sounds geeky, but because Manitoba is one of three provinces that doesn't raise tax brackets and the basic personal amount with inflation, your income taxes secretly rise each year.

Think of it this way – back in 1999, when the NDP took office, you started paying the middle tax rate when your income hit $29,590. Had that level kept pace with inflation, this year you would pay the middle tax rate when your income hit $38,229. Unfortunately, the government has only arbitrarily increased that threshold to $31,000. Thus, the difference ($7,229) is taxed at the middle rate (12.75%) instead of the lower rate (10.8 %).

Last year, to help educate and mobilize taxpayers on the issue, I created a YouTube clip that explains how the complex problem works in easy to understand language (search in YouTube for "bracket creep" to watch it).

Thankfully people emailed the video clip around and it now has over 13,000 views. Even better, people must have listened to the part in the video where we called on taxpayers to speak out. You see, last year the government announced that the basic personal amount (the amount you can earn before starting to pay income taxes) would rise by $1,000 over the following four years.

It's great the government increased the basic personal amount, but unfortunately bracket creep still hasn't been addressed. You see most provinces have passed legislation to automatically increase the threshold for inflation each year; here the province has only passed an arbitrary four-year schedule to increase the basic personal amount. The tax brackets themselves still haven't increased in years.

When you look at the big picture, bracket creep since 1999 now results in an extra $156 in income taxes for someone earning $40,000. If you earn $77,000 or more, it's even worse; we estimate it's an extra $596 annually.

Tell the government to pass legislation to end bracket creep. And if the government tries to tell you that it's a "tax cut," remind them it's really just a commitment not to increase taxes through the back door!❖

> "It's great the government increased the basic personal amount, but unfortunately bracket creep still hasn't been addressed."

Finance Minister
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City of Winnipeg Beef

Winnipeg set a murder record last year, yet brass at the city have instructed police to start issuing at least one traffic ticket per day. People have been getting tickets for fairly frivolous reasons; dirty licence plates, not having enough windshield washer fluid and jay walking. Not surprising, the city's budget has counted on an increase of traffic division revenues this year – by $1.4 million. We're betting most Winnipeggers would rather see a crack down on thieves, murderers and thugs rather than hard working taxpayers who haven't had time to clean their licence plates.

MANITOBA

SPREADING THE GOOD WORD

Recently I was asked to speak to a class of high school students in Winnipeg and to the Frontier Centre for Public Policy.

Vincent Massey Collegiate asked me to talk to a personal finance class about the taxes people and businesses have to pay and how the money gets spent. The students had a pretty good handle on knowing about the more popular taxes out there – sales taxes, income taxes and property taxes, but weren't as aware of some of the more obscure ones– the payroll tax, electricity tax and land transfer tax to name a few.

> "Everyone agreed that policing was a service the government should fund, but many questioned funding things like paying people to stand outside the remand centre in Winnipeg and sing Christmas carols to those on the inside."

Colin Craig addressing students at Vincent Massey Collegiate

When it came to discussing where the money should go, just like in real life, there was division in the room as to whether or not the government should fund certain activities. For example, everyone agreed that policing was a service the government should fund, but many questioned funding things like paying people to stand outside the remand centre in Winnipeg and sing Christmas carols to those on the inside (sadly, the City of Winnipeg actually funded this).

Needless to say, it was a fun exercise and the students were left with some food for thought as where tax dollars should go and the rates themselves.

At the Frontier Centre breakfast, I gave the early morning crowd a wake-up call as to the province's unsustainable spending track record, rising debt, the growing tax gap with Saskatchewan and other financial challenges facing our province. I'm sure it wasn't the most pleasant thing to hear first thing in the morning, but on the bright side, it doesn't have to be that way. Our province is rich in both resources and skilled labour. If enough people wake up and press for change, we can tap our province's full potential!❖

If you know of a group that is looking for a guest speaker, feel free to email me and I'll do what I can to make it out - ccraig@taxpayer.com

City of Winnipeg Bouquet

The city has started to listen to something the CTF has been pushing for years – shop around for city services. City Hall will soon begin looking to hire private businesses to cut grass, clean toilets in city buildings and a whole bunch of other jobs if they can do it for less than what it costs city employees to do the work. Kudos to Councillor Fielding for leading this initiative.❖

Ontario Budget 2012:

More runaway spending and massive deficits

Gregory Thomas
Ontario Director

Ontario's 2012 budget provided more of what we've learned to expect from Dalton McGuinty's Liberal government: tax grabs, runaway spending, and massive deficits.

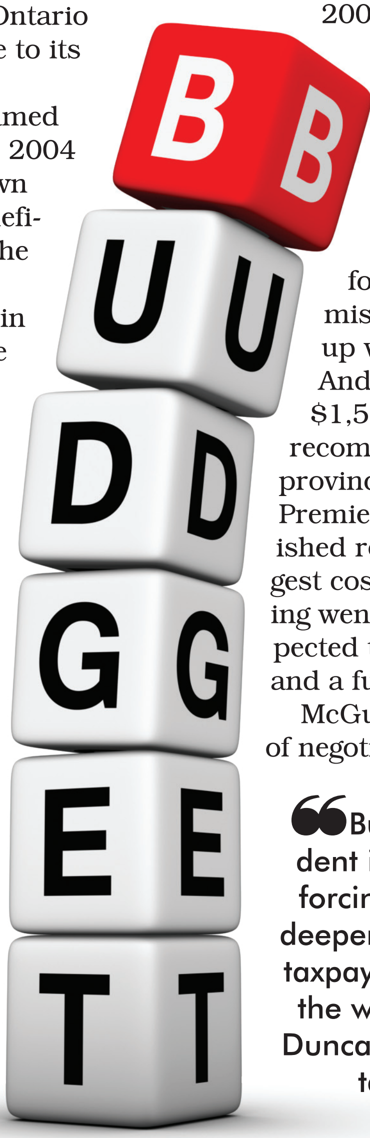
After breaking his written pledge to the Canadian Taxpayers Federation in 2004, a pledge to not raise taxes and not to run deficits, McGuinty continues to transform Ontario from the nation's industrial powerhouse to its fiscal basket case.

McGuinty's income surtax, the misnamed Ontario Health Premium (introduced in 2004 to reduce a $5.5 billion deficit) has grown into a $3 billion cash cow, even as the deficit balloons to $15.2 billion, ten times the shortfall of neighbouring Quebec. When Ontario looks to Quebec for leadership in managing the bottom line, you know the province is in desperate shape.

Budget 2012 barely makes a dent in runaway spending, while forcing the province's hand ever deeper into the pockets of Ontario taxpayers. With the election out of the way, finance minister Dwight Duncan put "a freeze" on promised tax cuts on business income and property. Duncan says the cuts, desperately needed to boost Ontario's flagging manufacturing sector, will have to wait until the budget is balanced. But even with record tax revenue projected for each of the next five years, he doesn't expect to balance the budget before 2017. In the meantime, another $2.2 billion will be coming out of the bank accounts of Ontario employers and into the Ontario treasury as spending continues to rise.

One reason it's getting tougher and tougher to balance the Ontario budget: soaring debt levels and interest costs. Duncan expects interest payments to hit $10.6 billion this year, more than the entire combined budget for universities, colleges, highways, tourism, culture, and sports.

Interest payments are projected to rise in each of the next five years, after an eight-year spending and borrowing spree unprecedented in Ontario. When McGuinty took office in 2003, total debt stood at $138.5 billion. At the end of 2011, it reached $257.5 billion. And Ontario's finance department expects total debt to hit $314.1 billion within three years.



McGuinty commissioned former TD Bank chief economist Don Drummond to come up with a game plan to cut costs. And Drummond earned his $1,500 daily fee, tabling 397 tough recommendations for slashing the province's bloated budget. Once the Premier and his cabinet were finished rejecting Drummond's biggest cost saving suggestions, spending went up: Ontario's spending is expected to rise $3.4 billion in 2012, and a further $1.6 billion in 2013.

McGuinty faces a tough summer of negotiations with Ontario's teach-

> "Budget 2012 barely makes a dent in runaway spending, while forcing the province's hand ever deeper into the pockets of Ontario taxpayers. With the election out of the way, finance minister Dwight Duncan put 'a freeze' on promised tax cuts on business income and property."

ers, some of the highest paid in the country, and Ontario's doctors, who billed the province $11 billion last year, up from $5.9 billion when McGuinty took office. He's already put them on notice not to expect increases any time soon. He's warning the teachers that he plans to slash some of their biggest perqs, such as 20 days of paid sick leave each year that they can cash out at retirement for over $40,000 – a $1.7 billion cost to the province.

Barring an economic miracle, these cuts are just the first of many for the embattled Ontario premier, as the natural results of years of lavish spending come home to roost.❖

Taxpayers seeing red over ORNGE as police investigation launched

The Ontario Provincial Police are investigating Ontario's ORNGE air ambulance service after the province's health minister fired its board of directors and placed the company in receivership after a forensic audit found $25 million missing and unaccounted for.

As described in the Teddies feature on page 22, the Ontario government's arrangement with air ambulance provider ORNGE allowed $700-million in public funds to flow through the service with little oversight. As a result, upwards of $275 million has become entangled in questionable business deals and a mysterious web of subsidiary companies.

> "As a result, upwards of $275 million has become entangled in questionable business deals and a mysterious web of subsidiary companies."

As details surface, we now know that taxpayers are on the hook for $22 million in annual payments on a massive investment banking deal relating to the service. The ORNGE Issuer Trust raised $275 million in 2009 by selling $1,000 debentures at 5.72%, an attractive interest rate, given that taxpayers pay ORNGE $150 million each year for emergency helicopter evacuations. The law firm of former Liberal Party of Canada president Alfred Apps billed the company $9 million for its role in organizing the debenture deal, while investment bankers billed more than $1 million for their role in the deal.

Part of the money from the debenture deal went to purchase a $15 million office building in Mississauga, dubbed 'the Crystal Palace.'

Photo ORNGE air ambulance: Wikipedia/Frmatt

In a 39 page report into the growing scandal, Ontario's auditor general said the Crystal Palace purchase and financing "didn't pass the old smell test." ORNGE paid $15 million to buy the property, then leased it to a subsidiary at rents 40% higher than market value. The steep rents helped convince a bank to mortgage the office tower for $24 million. Investigators are still tracking the $9 million cash proceeds from the mortgage transaction, which went into related companies controlled by insiders.

Ontario health minister Deb Matthews has refused opposition demands that she resign over her handling of the scandal.❖

WASTE STARTS HERE

by Kevin Lacey
Atlantic Director

Well, only in Nova Scotia it seems could you take a major contract win for our locally owned and operated shipyards and turn it into a political scandal. But that's exactly what happened.

In October, the Irving owned shipyard in Halifax won a $25 billion contract, beating out Vancouver and Quebec City, to replace Canada's aging navy frigates. In announcing the initial competition for the contract, Prime Minister Stephen Harper said the ships contract would be given based on merit alone, and he urged all parties not to lobby for the contact, in fact, he said lobbying would only hurt its bid.

> "Despite the prime minister's clear message against lobbying, the Nova Scotia government went ahead and did it anyway. In the end, despite making cuts to health and education this year, the government managed to find $640,000 to spend ..."

Despite the prime minister's clear message against lobbying, the Nova Scotia government went ahead and did it anyway. In the end, despite making cuts to health and education this year, the government managed to find $640,000 to spend on an ad and marketing campaign.

Well, now months later the government may be re-considering the merits of spending that money, because now there are questions about how that money was spent, and who it was spent on.

When the campaign began, almost no one knew what the ads were about or why they were being run. Ads that featured men and women in hard hats standing next to half built boats with the slogan "*Ships Start Here*" left more people confused than informed.

The campaign it turns out was completely irrelevant to the ultimate outcome. Just as the prime minister had cautioned at the outset, after the contract was awarded, Nova Scotia's regional Minister Peter MacKay said the *Ships Start Here* campaign did nothing to help Nova Scotia's bid. Speaking to the *Chronicle-Herald* he said, "that was entirely a waste of money and had zero impact on the decision." He continued, "I think the [NDP government] saw a parade in the process and tried to lead it".

Then the final blow came after an investigation by the CTF found that in pursuing the *Ships Start Here* campaign, the government bypassed its own rules resulting in reduced accountability.

Documents obtained through access to information show that an agency of the Nova Scotia government (Nova Scotia Business Inc.) failed to follow the rules when it gave an untendered contract to a Halifax public relations firm named MT&L (which has ties to the NDP government) to run the *Ships Start Here* campaign.

The rules state that all untendered contracts worth over $100,000 must be pre-approved by Treasury Board. In this case, the campaign was three months underway and $140,000 had

been sunk into it before any approvals were even sought -- even then no competitive bids were ever considered.

In fact, there were no documents justify-

PHOTO/LOGO:SHIPSWTARTHERE.CA

ing the decision to proceed with an untendered contract until nearly a month and a half after the CTF filed its information request well after the campaign had concluded.

Nova Scotia Business Inc. proceeded with an untendered contract on the basis of an "emergency" which allowed them to bypass the tendering process.

A subsequent investigation by the Canadian Press showed that emergency procurement rules have only been used 13 times including the *Ships Start Here* campaign. In every other instance, it was used to fix problems of public safety, such as dealing with floods etc.

Worse than broken rules, the CTF investigation found that taxpayers have little to show for the money spent. Much of the money it turns out was spent on professional fees dedicated to creating a website, and performing what MT&L Public Relations calls in its invoices as "strategic council, meetings and briefings."

An ineffective campaign, broken rules and wasted money is the only legacy now of the *Ships Start Here* campaign – let's hope the ship building project it purported to promote has more of a legacy.❖

Taxpayer Donations?

Well it seems some taxpayer owned crown agencies in New Brunswick have found a new use for our money: donating it to political parties of their choice.

When Premier David Alward held a party fundraiser he was joined by two crown agencies.

The Horizon Health Network (that runs most of the English language hospitals in the province) bought 10 tickets and WorkSafe NB (New Brunswick's workers compensation agency) bought another ticket for its new chairwoman who just so happens to be a former conservative candidate.

The cost of the tickets… $500 a head.

In defending its $5000 donation to the PC Party of New Brunswick, Horizon Health said that it didn't know that the event was a political fundraiser. They obviously missed the Tory logo stamped on the podium at the dinner and the name of the event "an evening with the premier".

Sharon Tucker, WorkSafe NB Chairwoman told the CBC that staff at the agency asked her to attend. She claims they told her it would be a good networking opportunity for her to meet some of the people she'd be working with as chairwoman.

Horizon Health didn't know it was a fundraiser?

Well in the end the PC Party did the right thing, they returned the donations to each of the crown agencies, and they deserve credit for doing so.

But what happened does raise bigger questions about the use of taxpayer money, and the way it's treated by government agencies. Agencies need to be reminded the purpose of their operations and where the money comes from.❖

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